

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 28 October 2010

The Council continued to meet at Nine 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

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 ANDREW CHENG KAR-FOO

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

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

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

THE HONOURABLE TOMMY CHEUNG YU-YAN, 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

MEMBERS ABSENT:

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

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

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

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

THE HONOURABLE WONG YUK-MAN

PUBLIC OFFICERS ATTENDING:

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

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

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 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

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

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

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

CLERKS IN ATTENDANCE:

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

PRESIDENT (in Cantonese): Good morning. We now proceed to the first debate session on the Motion of Thanks debate.

MEMBERS' MOTIONS

MOTION OF THANKS

Continuation of debate on motion which was moved on 27 October 2010

MR ALAN LEONG (in Cantonese): Good morning, President. The Government has let the public see a naked bogus consultation during the past few months. Various opinion surveys have shown that the call for the resumption of the Home Ownership Scheme (HOS) has been the strongest ever since the reunification. This is also a policy related to people's livelihood ardently hoped for by the people of Hong Kong. Unfortunately, the Government still insisted on its own views after conducting the public consultation and proposed a so-called My Home Purchase (MHP) Plan which is far from being realistic at all. President, there are few issues on which various political parties and groups can reach a consensus in this Council, and this issue of resumption of the HOS is one of them. But despite this strong political consensus, the Government still holds on to its view and insists on not resuming the HOS. This total disregard of public opinion in administration is really inconceivable to me.

President, although the Policy Address has put forward a number of measures to improve people's livelihood, they seem to be only scratching the surface of the problems which are structural in nature. Unresolved, they have caused deep-rooted conflicts in society. The Chief Executive is like a doctor who despite his knowledge of the causes of the illness, fails to prescribe an instant cure to the patient. His prescription can only arrest the coughs, but not treat the disease. This MHP Plan is used by the authorities as a major initiative to fine-tune the housing policy, but it cannot put people's mind at ease.

President, after the Policy Address was delivered, if only we look at the number of people who go to inspect the flats, the rise in the prices of real estate stocks and the volume of new flats traded at record-high prices, we will see that such market responses are telling the Government that this MHP Plan will not

help solve the housing problem of the people. That is to say, these signs are telling the Chief Executive that he has failed to deliver.

President, under this MHP Plan, the Government will provide some small and medium flats for lease to eligible applicants at prevailing market rent. The tenancy period is five years, after which the tenants may choose to purchase these flats or flats in the private market. In the latter case, they will receive a subsidy equivalent to half of the rental paid during the tenancy period and use it as part of the down payment. President, if we think about it carefully, we will find that many details about this Plan are not yet made public, and many loopholes may be found in the Plan as well. Speaking of numbers, the first batch of 1 000 flats in the Plan will not be available in the market until 2014 at the earliest. However, the number of eligible applicants from the sandwich class who are unable to purchase their first home due to the high land price policy is, according to estimates made by some scholars, as many as 140 000 people. This Plan aims at providing some 4 000 to 5 000 flats within three years, which is really a drop in the ocean. It can also be likened to water from a distant place that cannot put out a fire in front of your eyes. I do not think the Government can offer any plausible explanation to the great number of people who cannot purchase their homes.

President, what is more outrageous is that the MHP Plan is actually far detached from the reality. The original intent of this policy is to provide some relief to the sandwich class who intends to buy a home but is barred from doing so because of the exorbitant property prices. It is hoped that people in that class can save up some money while they rent the flats under the Plan. But if we do some calculations, we will find that it is almost impossible for these applicants to buy a home in this way. President, details on the income floor of this Plan are not yet announced while an income ceiling is mentioned. If the income ceiling for an individual is set at \$23,000 and the asset limit must be not more than \$300,000, then the rent payable under the Plan is about \$9,000. Even if the rent rebate is half of the total rent paid during the period, that is, \$240,000, the sum can hardly suffice as down payment.

President, the Policy Address says that these tenants must make some savings when they rent the flats before they can hope to purchase one later. Just look at the property prices now, a small and medium flat would fetch some \$2 million, and the down payment would be \$600,000 to \$700,000. Anyone

making \$20,000 a month will find it difficult to save the remaining sum of \$400,000 in five years, after deducting items of expenditure like rent, household and daily expenses. That is why on the day the Policy Address was delivered, I made the comment that the Plan was asking the tenants to lead an extremely frugal life in this five-year period and it would be best if they could eat only one meal instead of three a day, before they could hope to save up enough money.

President, according to a half-yearly economic report submitted by the Government to the Financial Services Panel of this Council, the overall property prices in Hong Kong as a whole have risen by 28.5% in 2009 and 6.5% more during the first quarter of 2010. In the period from March to June in 2010, prices have risen by a further 1.5%. It can be said that the property prices are rising all the time and the average mortgage loan for flats is \$2.5 million. The repayment term chosen by mortgagors on average is as long as 275 months, that is 23 years. This is the longest tenure of such loans since June 1998. This phenomenon of "mortgage slaves" tends to proliferate indeed.

This prevailing situation of high property prices and low interest rate is not healthy at all actually. If the Government raises the interest rate in order to cool down the property market, these "mortgage slaves" would have to bear a heavy burden of repaying a massive principal in a high-interest environment. New social problems would arise by then.

President, the group of shell-less snails who used to be eligible for buying an HOS flat through applications on the White Form all think that they are the greatest losers when they learn that the Government will launch the MHP Plan for the sandwich class. These people cannot apply for public rental housing and they may not afford a flat under this Plan with flats launched at market prices. And on top of these, the Government refuses to resume HOS production. What they can do is only to stare at the constantly rising property prices, and their dream of home ownership becomes harder to realize. They feel helpless and disappointed.

The Civic Party thinks that the Government cannot turn a blind eye on the needs of this class. The authorities should think about how best, in formulating measures to invigorate the secondary market of the HOS flats, to enable those eligible White Form applicants can enjoy the same treatment as that of those

applicants using Green Forms. In this way they can be waived the payment of premium in buying an HOS flat in the secondary market. If only the Government is willing to launch new HOS flats and invigorate the secondary HOS market, I would think that HOS applicants on the Green Form or White Form will both benefit.

Now the mobility of the secondary market of the HOS flats is in fact very low. If the Government can relax the relevant policy, on the one hand it can meet the demands of this class of people for home ownership while on the other it can enable HOS flats in the secondary market to continue playing its role as a policy instrument.

President, the Civic Party is convinced that the proven HOS policy can play the role of a revolving door and rebuild this ladder to home ownership, while it can also stabilize the development of the property market. Besides, the HOS can provide flats at a discount of the prevailing market prices, whereby one can own a flat by paying 10% of the property price as down payment. Such HOS flats are therefore very popular among the people. However, we find that the Policy Address has deliberately evaded this issue and attempted to replace the HOS with the MHP Plan. This is prone to producing the sequelae of a policy blunder. The Civic Party hopes that the Government can rein in on the brink of a precipice and make the best use of the precious resources of these five lots to resume the production of HOS flats at once. Only by doing so can the problem of an overheated property market be addressed. Thank you, President.

MR PAUL CHAN (in Cantonese): Good morning, Honourable colleagues.

President, before the announcement of the Policy Address, I had called on the Chief Executive many times not to reduce profits tax and the standard tax rate of high-income earners. Although I welcome the adoption of this suggestion in the Policy Address, I am disappointed by the Chief Executive for not mentioning even a single word about setting up a tax policy unit. So in this first debate session of the Motion of Thanks, I would like to express my views on the tax regime, small and medium enterprises (SMEs) and housing.

Last Thursday, the Financial Secretary, Mr John TSANG, went to France. He was not drinking wine there, but acting on behalf of the SAR Government to conclude a comprehensive agreement for the avoidance of double taxation. That the Financial Secretary is travelling such long distances is reportedly because there might be a major reshuffle in the French cabinet soon and in order to avoid hitches in a long delay, the Financial Secretary had to go to France in person to conclude this tax agreement. Actually, this tax agreement between Hong Kong and France was supposed to be concluded in May this year, but because of the sovereign bonds crisis in Europe, the financial minister of France cancelled the visit to Hong Kong. It is because of this that the tax agreement was delayed by a few months. However, that the Financial Secretary could notice the political situation in France and make a swift response shows that the Government attaches great importance to the subject of tax agreements, much greater than it was in 2008 when I was first returned to this Council. At that time, I suggested to the Financial Secretary that the Government should conclude tax agreements as soon as possible. At that time, his reaction was lukewarm. The subject of tax agreements shows that the Government must seize the opportunity and review the Inland Revenue Ordinance with a view to making amendments. Only by doing so can we become more competitive in the face of the rapidly changing internal and external conditions.

In retrospect, since early January this year when this Council passed the Inland Revenue (Amendment) (No. 3) Bill 2009, the Government has so far concluded 15 tax agreements with overseas places. I am aware that the Government will seek to conclude more relevant tax agreements with more places. President, in this regard, I must point out that the Government must strengthen work in concluding a tax agreement with Taiwan and work hard to follow up. The Government should seize this opportunity to consolidate our leading position in finance, service industries and investment in the four places on both sides of the straits.

In addition, both sides of the straits have concluded the Cross-strait Economic Cooperation Framework Agreement. Although not much is said in this Framework Agreement on tax matters, as far as I know, governments on both sides of the straits will conclude a tax agreement, the terms of which may even be more preferential than the tax agreement signed between Hong Kong and the Mainland. If this is really the case, I would think that we should not be disappointed. The Government should regard this agreement as the minimum

standard, that is, the terms of the tax agreement between Taiwan and the Mainland should be regarded as the minimum standard and the Government should follow up the matter actively with Taiwan and the Mainland so as to strive to secure more favourable terms for Hong Kong.

President, it has been 12 years since Hong Kong concluded the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and the Prevention of Fiscal Evasion with respect to Taxes on Income. The Arrangement was concluded in 1998, and a supplementary agreement was concluded in August 2006. However, the problem of double taxation for Hong Kong people working on the Mainland is still not solved. Now is the time to update our taxation arrangements in the light of the latest developments and changes in the three places across the straits. President, according to figures from the Census and Statistics Department (C&SD), in 1995 there were 122 000 Hong Kong residents working on the Mainland. The number drastically increased to 218 000 in 2008. A large number of these people have to travel between two places and they are troubled by the problem of double taxation. In order to facilitate more Hong Kong people in going to the Mainland to look for job opportunities and better development, the SAR Government should strive to request the State Administration of Taxation of China to remove certain unsatisfactory aspects in the Arrangement and even certain areas which are unfair.

President, talking about the seizing of opportunities, the State Council has laid down a clear direction and objectives for the development of Qianhai. Earlier on I had visited Shenzhen together with representatives from The Taxation Institute of Hong Kong. We held meetings with the State Administration of Taxation and discussed the concessionary tax policy of the Qianhai area as well as related matters on the bilateral tax arrangements between Hong Kong and the Mainland. I hoped that in the Policy Address, the Government would not just propose the idea of forging co-operation with Shenzhen and encouraging the related industries in Hong Kong to seize the opportunities brought about by Qianhai, but also strive to get from the Mainland some tax concessions applicable to Qianhai. These include measures related to salaries tax, such as some tax concession policies for people working across the boundaries so that if Hong Kong residents travel daily to Qianhai for work, they will be free from worrying about the problem of double taxation.

President, this Council passed a motion in the middle of this year on "Enhancing the administration of tax policy in Hong Kong" proposed by me. This is actually an important task which I have been urging the Government to handle ever since I became a Member. Unfortunately, when Prof K C CHAN, the Secretary for Financial Services and the Treasury, responded to a question I raised in a meeting of the Financial Services Panel last week, he showed neglect of this motion supported by a majority of Members. He said that there was no need to set up a tax policy unit. This is most disappointing. I think it shows that the Government lacks a good understanding of the shortcomings of the Hong Kong tax regime, nor does it have any foresight in the relevant laws and taxation policy in Hong Kong. It failed to grasp this opportunity offered by a proposal supported by a majority of Members in this Council to begin an in-depth study of the tax regime and reform it.

This attitude of the authorities is actually shown in the work on reviewing section 39E of the Inland Revenue Ordinance. Last week, I pointed out to Prof CHAN that the Joint Liaison Committee on Taxation (JLCT) has undertaken some detailed study on the review of section 39E and made some specific and practicable suggestions to the Government. But the Secretary has again making us feel very disappointed by refusing to give an account of the timetable of the review, saying that detailed and technical considerations have to be made in respect of these expert recommendations.

President, I wish to state here that last week I held a seminar on the Policy Address in my office. During the seminar, Mr Matthew CHEUNG, the Secretary for Labour and Welfare, said to people from my industry that it was he who proposed to the Chief Executive that a study should be launched on the policy on standard working hours, hence the relevant response in the Policy Address. I hope to see foresight and commitment in Prof K C CHAN and Financial Secretary John TSANG in their proposing to the Chief Executive to set up a tax policy unit, instead of remaining adamant to changes and refusing to move ahead.

President, apart from the tax regime, I also hope that work in the following areas can be expedited. These include the Companies (Corporate Rescue) Bill and codification of more of the Listing Rules to enhance the monitoring of listed companies. With respect to the latter, I think that the Government should commence another round of consultation even though there are voices of

opposition in the market. The Government should compare our regulatory regime and practices concerning listed companies with other advanced financial systems, thereby identifying areas that require improvement. This will obviate hasty attempts of consultation and legislation in the wake of problems.

President, this year I have joined the Panel on Commerce and Industry. Although I was not a member of the Panel during the past two years, I had requested discussion papers of the Panel and attended and followed up. I was especially concerned about the sustainable development of SMEs. At the end of this June, according to figures from the C&SD, there were 280 000 SMEs in Hong Kong, accounting for 98% of local enterprises. The staff hired by them accounted for 48% of the working population. These SMEs are responsible for 50% of the Gross Domestic Product (GDP) of Hong Kong. But I notice that if we review the employment situation of these SMEs 10 years ago, the proportion was 54% of the working population. If we turned the clock a little farther back to the time about 10 years ago, we would find that SME employees accounted for more than 60% of the working population in Hong Kong. For more than a decade, the total real growth in our GDP has been very substantial, standing at about 50%. But the number of employees hired by SMEs has dropped drastically by 20%. We can therefore imagine the difficulties faced by SMEs. At the end of this year when the Special Credit Guarantee Scheme expires, what will be the impact on the SMEs? I think the authorities have a responsibility to undertake some in-depth studies on the subject and propose solutions to the problem. This is because the SMEs are the greatest and most important stabilizing force in the labour market. To support the development of SMEs is not only helping the development of commerce, but it is also a vital segment of the development of society.

President, I would now switch to another focus of the Policy Address — housing policy. I wish to thank Secretary for Transport and Housing Eva CHENG and Secretary for Labour and Welfare Matthew CHEUNG for attending a seminar on the Policy Address organized by the industry last week and explaining the relevant policies. There were people from the industry who did not agree to any form of subsidy from the Government to members of the public in home purchase. They thought that the people should work hard to earn money and public money should be used to finance the most needy in society. This shows that people have divergent views regarding this issue. However and in this regard, I can agree to disagree. I would think that we should look at the

issue from the social condition as a whole and from the perspective of social harmony and stability, as well as sharing the fruits of economic prosperity. In my opinion, the Government should subsidize people from the middle class who make a relatively lower income.

As this saying goes, "To live in peace and work with contentment." Many Honourable colleagues in this Council said yesterday that it was only when the housing problem was solved that people could live in peace. And it is when they can live in peace that they can work with contentment. President, I came from the grassroots and I once lived in a rented room, then I lived in a rented flat. It was only later that I bought a home. I understand very well the difficulties faced by tenants. They have to face rents which often rise and they may not renew their tenancies upon expiry. They cannot be certain about the rate of increases in rent. They may feel the pain of forced eviction. People who rent a flat do not feel secure. They would not spend money and the time to decorate the rented flat. So they may not live comfortably. Generally speaking, their quality of life is not the best they can hope for. When people own a flat, it means that they have some permanent asset and their mind will be at ease. Then they can have long-term commitment to society and they will have a sense of belonging. Mencius said the same thing a few thousand years ago. I do not intend to quote him specifically. A self-owned flat is part of the savings of many persons after their retirement. Among many of my older relatives and friends, there are many who sell their flats when they retire and then move to a remote area or a smaller place to live. The cash they get will be used to pay for their retirement life. President, I therefore agree to the idea that the authorities should as far as practicable assist the sandwich class, especially those in the middle class with a relatively lower income, to buy their homes.

Regarding the MHP Plan, there are many queries from my industry. One of these is, as Members said many times yesterday, related to the 5 000 flats in the Plan. Ever since the HOS was launched in 1978, an average of about 15 000 HOS flats were completed each year. But the number is far from being enough and the problem is not solved. Second, the key to the Plan being able to help prospective home-buyers lies in the level of property prices. This is because these prospective home-buyers will live in these leased flats for a maximum of five years and after that if property prices have soared, they will not be able to afford a flat. The result is that this hire-purchase plan will not be able to achieve any result either way. Many people think that the Government should let these

people know when they join the Plan that if they really want to buy the flat in future, what the price is. This will enable them to rent the flat under the Plan while saving up money. If these people who join the Plan really want to buy a flat, at least they will be able to afford the flat leased to them.

President, Mr LEE Wing-tat and Mr Frederick FUNG have proposed amendments respectively on resumption of the HOS. President, like members of the public, my profession agrees that a suitable number of HOS flats should be built. So I fail to understand, as other Members do, why the authorities disregard this demand from a majority of Members and the public. As to the Chief Executive's claim that the MHP Plan is an enhanced version of the HOS, we are not convinced.

In addition, according to figures from the authorities, of the 330 000 HOS flats completed and available in the market, there are 260 000 flats for which premium is not paid. In other words, less than 20% of the units belong to premium-paid units. What does this figure tell us? I think it shows that most of the people have bought HOS flats for self-occupation. These HOS flats are meant for self-occupation, not for investment or speculation with subsidy from the Government. President, unless the Government thinks that in the next years there will be a drastic plunge in property prices, I think that the MHP Plan is unable to help the needy sandwich class to buy their first homes.

Besides, the authorities have said many times that resuming the production of HOS flats will affect the pledge made by them, that applicants on the Waiting List for public housing will be allocated a flat in three years. However, Secretary Eva CHENG disclosed some figures in her reply to an oral question raised by Mr LEUNG Yiu-chung last week, that is, as at the end of this August, the waiting time for those on the General Waiting List was only two years. The time for elderly singleton applicants was 1.1 years on average. The average waiting time for family applicants, elderly singleton applicants and those who are not elderly singletons under the quota and points systems from the date they register until they are given a chance to be allocated a flat or until the end of August 2010 is 1.5 years, 0.6 year and 2.4 years respectively. These figures are obviously shorter than the three-year pledge. So, as evident in these data, I do not think the production of HOS flats will affect the waiting time for public rental

housing. Is the Government scaring off the people, or it is trying to divide society? Or is the Government not focusing properly on the problem, lacking in commitment to solve it, or is it only caring about its face and refusing to resume the production of HOS flats? I hope Secretary Eva CHENG can give us an answer later in her reply.

Lastly, it is suggested in the Policy Address that over the next 10 years, land which can be used to build an average of about 20 000 residential units in the private sector will be offered. I suggest that if some lots, like the one in Chai Wan, which are not sold in an auction after being triggered from the Application List, they should be handed over to the Hong Kong Housing Society for the building of small and medium residential units. This will prevent the supply of private residential units from manipulation by developers. On the other hand, would the supply of land good for building 20 000 private residential units a year suffice? I hope the Government will keep a close watch on the market. This is because those who want to buy properties here are not necessarily Hong Kong people. There are also many people from outside Hong Kong. So the Government should also keep a close watch on whether the land supply target is suitable. Besides, I also urge the Government to carefully consider enacting laws to require that part of the moneys obtained by non-residents of Hong Kong and companies not registered here from sale of properties in Hong Kong be withheld first by the solicitor's firm concerned and only to be released to the parties concerned after tax. This will prevent people from speculating on Hong Kong properties and making profits without having to pay Hong Kong taxes. Also, I implore the Government to complete the legislative work on regulating the sale of properties in the primary market. This will prevent further delays that would hence lead to uncertainties.

President, originally I intended to talk about the Community Care Fund (CCF) in the debate session on the theme of Investing for a Caring Society, but as I see that the Financial Secretary in attendance, I would like to make a few comments now for his reception. Last week when we debated here, I mentioned that Hong Kong did not lack in money and we could make greater commitment in aiding the poor. We have a lot of valuable assets and I would make a suggestion to the Financial Secretary for his consideration. We now hold 77% of the shares of the MTR Corporation Limited (MTRCL) and this is more than \$100 billion in

market value. If the Government can reduce its stake in the MTRCL, say, to 51%, it can still have a controlling interest in the corporation and there will not be a replica of The Link REIT. If the Government can do it, it can cash in more than \$40 billion. And this sum of money can be used for many purposes. Recently, people are talking about buying back the two tunnels, or this sum can be used on promoting the Partnership Fund for the Disadvantaged. Part of the money can be used as long-term capital expenditure, and part of it can be accumulated in the form of a fund. All these mean quite a substantial amount of return. Such an amount of hundreds of million dollars a year can be used on poverty alleviation work.

President, we saw on the TV yesterday that a fast-food chain had wanted to raise the wage of its staff but also at the same time, discount the meal time for the staff for the payment of wages. Of course, this is not in conflict with our minimum wage law, but if only we can do some simple computations, we will find that workers' wages may rise on the surface, but the amount is reduced in actual fact. I was furious on hearing this piece of news. Ironically, if the bosses of these companies make donations to the CCF, would the CCF accept their donations? If our CCF accepts their donations, I would think that this is an insult to Hong Kong society and the beneficiaries of assistance. It is not that our society lacks the money and the ability to offer support and assistance to the socially disadvantaged groups. I hope that what I have just mentioned, especially with respect to the CCF

Someone in my profession once cracked this joke to me. I think Members might have read about it online. He says, "Why did Typhoon Megi pass by Hong Kong and did not hit us? Some netizens said it is because of the LI force. What they are making fun of is that even the typhoon is worried that the interests of the developers will be affected and so it does not dare to come. In the future, no typhoon signal number 8 will be hoisted in Hong Kong anymore." I do not believe in what he says, but looking at the whole thing from another angle, it shows that many people in our society are unhappy with the developers. They even think that the Government is afraid of provoking the developers. President, when this is added to the report I heard yesterday of what a fast-food chain had done, as I said just now, I would think that we should be informed of the operation details of this CCF as soon as possible. We should also draw up some

key performance indicators as points of reference regarding the operation of the CCF and as objective criteria in examining its effectiveness.

President, I so submit.

MR VINCENT FANG (in Cantonese): Good morning, President, and Members. The Liberal Party and I support this year's Policy Address of the Chief Executive. Having said that, it does not mean that I fully agree with all of the contents of the Policy Address, let alone singing high praises of it. The Chief Executive may say that he has long expected Members of the Legislative Council to be critical of everything as they will invariably criticize and never praise the policies of the Government.

Honestly, however, this Policy Address merits no commendation indeed. In writing up his Policy Address, did the Chief Executive listen to the views of the Legislative Council, political parties and members of the public? I think he did, as some policies in the Policy Address look quite familiar and yet, they exhibit some small differences from the proposals originally made by various sectors of the community. The most obvious example is the MHP Plan. In fact, this Plan is very similar to the "rental housing fund" or "interim housing scheme" proposed by the Liberal Party. This aside, there is also the CCF, which is virtually a replica of the business community fund for poverty alleviation proposed by the former Chairman of the Liberal Party, James TIEN.

In the first place, members from various sectors of the community put forward their opinions on the Policy Address in the hope that the Government can support and take on board their views and that these views from various sectors of the community can be further improved and refined through the Government's think-tanks and economics experts as well as its team of brilliant officials. With the Government's huge resources, sound and viable policies can be drawn up and subsequently institutionalized for implementation to the benefit of Hong Kong. But regrettably, the policies proposed now are neither fish nor fowl.

The Chief Executive said that in preparing the Policy Address he had studied the two major problems of the utmost concern to the public, namely,

poverty alleviation and the difficulties encountered by the public in achieving home ownership. This Policy Address has, to some extent, responded to these two problems, but has it really prescribed the right cure to them?

President, to members of the public or the ordinary masses, they are certainly most concerned about issues directly related to them. But to the Government, if it targets only issues of immediate concern to the people in the course of drawing up policies, is it not tantamount to treating the head when there is a headache and treating the foot when the foot aches? Should it not be the Government's policy objective to enable political parties and the public to see the Government's foresight, direction and vision and to enable society and the people to see hopes in the future, so that they can put their mind at ease and trust this Government, and also see a future for their living in Hong Kong? However, I really do not see any of these so far.

Even in addressing the difficulties encountered by the public in home ownership, which is an issue of the utmost concern to them, has the Policy Address responded effectively? If we say no, it may not be correct, but if we say yes, that is not quite true either.

The Chief Executive has devoted almost 40 paragraphs to explaining the housing policy. On the surface, it seems that a myriad of measures have been introduced to solve the problems in the property market now, such as controlling "inflated buildings", regulating the sale of first-hand residential properties, strengthening the regulation and management of building safety, and so on. These measures are actually only targeting problems which have long existed in the property market in Hong Kong. They require immediate government actions, not policy directions of the Government.

As regards the supply of residential buildings which is also of the utmost concern to the public, the Policy Address has primarily failed to propose any effective policy. Although real estate investments are temporarily removed from the capital investment entrant policy in response to the concern raised by the Legislative Council, this decision will only produce a psychological effect on property prices, because what investors will look at is supply and demand, as well as the return. If we cannot address the phenomenon of the supply being consistently low in the local real estate market, I think the return of investment in the property market in Hong Kong will remain very attractive, and particularly as

the Mainland has adopted stringent measures to control property prices, where will the hot money flow into?

As for the My Home Purchase Plan, which is the only policy responding positively to the aspiration of the people, 1 000 flats will be launched onto the market only in 2014 and those who can successfully move into these 1 000 flats will have a chance to purchase these flats only in 2019. This is precisely a typical case of proposing a solution too distant for solving an immediate problem.

To address the pressing problem of the public facing difficulties in buying their own home, it is most imperative to increase supply. It is true that the Policy Address did mention addressing the fundamentals by increasing land supply but this, I am afraid, is just another instance of talking about an ambitious plan that can never be implemented. I do not see any timely measure at all. For instance, changing the use of industrial sites has remained largely a proposition. As for such measures as providing sites for developing small flats in Yuen Long and revitalizing the Home Ownership Scheme secondary market, these were initiatives announced by the Financial Secretary in last year's Budget but we have yet seen the Government introduce these measures. As regards the role of the Urban Renewal Authority (URA), I saw this consultation document only just now, and it may even be later than 2019 when the proposals will be implemented.

We must understand that luxurious flats can yield far higher profits than small and medium-sized flats. With a diminishing supply of land resources and constantly rising construction costs, private developers are unlikely to produce a large volume of small and medium-sized flats. For this reason, I think the URA, being a government agent responsible for the important tasks of urban renewal and improving people's living environment, should not play the role of a property developer and compete in the development of residential flats costing \$15,000 per sq ft. Rather, it should immediately revise its direction and accomplish the mission that it was given upon its inception by providing small and medium-sized flats to the public and rehousing residents in the same district as far as possible when taking forward renewal projects.

As for the change of use of industrial buildings, there have actually been many examples of investors directly converting industrial buildings into hotels,

shopping malls, and so on. Particularly, as some industrial buildings are quite solidly-built in terms of loading and building structure, which makes it unnecessary to pull the buildings down for redevelopment, the Government should encourage the conversion of these industrial buildings for residential purposes. This can reduce the construction cost, shorten the period of investment, and increase the supply speedily. Better still, it can reduce the need to dispose of a large quantity of redevelopment-generated construction waste at landfills. So this is killing several birds with one stone. I hope the Government can take it into consideration and give a response expeditiously.

The theme for discussion in this session is "Developing the infrastructure for economic growth", but I do not see any guiding policy proposed in the Policy Address on the sustained economic development of Hong Kong. Worse still, with regard to the six industries where Hong Kong enjoys clear advantages proposed last year, the relevant work was reported only very briefly this year and we have not seen any progress made in this respect. On the contrary, the innovative industry and the testing and certification industry in the Mainland have come a long way over the past year. In the entire Policy Address, all we can find in relation to economic development is financial services, the only conventional economic pillar being mentioned, whereas the others were simply not mentioned. This shows that the Government completely lacks a vision in economic development and an awareness of crisis. It only clings to some so-called satisfactory economic statistics and indulges in complacency.

Why do I say so? It was reported on the front page of newspapers yesterday that the Shenzhen customs will strictly enforce the imposition of a tax on travellers bringing with them luxury goods exceeding the tax free limit. We understand that China has all along been a high-tariff zone and while this was not strictly enforced in the past, it does not mean that there is no such policy. But as everyone in Hong Kong knows, the policy, once enforced strictly, will have a serious impact on many industries in Hong Kong, including retail, tourism, hotel, catering, and so on.

After the SARS incident, Hong Kong has striven to seek the State's liberalization of its policy to allow mainlanders to visit Hong Kong under the Individual Visit Scheme (IVS) with the primary objective that part of the huge spending power in the Mainland can be diverted to Hong Kong, thereby stimulating the Hong Kong economy and sustaining local consumption industries

which employ the largest chunk of the workforce. The results are there for all to see.

Over the years I have pointed out to the Government that, disregarding the consumer spending brought by the IVS, local consumption has been shrinking persistently, and we must maintain vigilance in peace time and make preparations for the rainy days by formulating policies on sustained economic development and stimulating local consumption. However, the Government has often produced the monthly retail figures to quieten me down, stressing the increase in the retail figures over those during the corresponding period last year and attributing this to a good employment environment in Hong Kong, higher incomes made by the people, robust consumer confidence, and so on.

These remarks, coupled with the lack of measures taken by the Government to address problems, have proven once again that the Government has completely neglected the development in countries surrounding Hong Kong and the fact that their competitive edges have been growing. It has only remained headstrong and opinionated. I have no idea whether the Government is too arrogant or too chicken-hearted to face up to this.

China has just endorsed the 12th Five-Year Plan. During the financial tsunami, the economies of the importing countries had shrunk. Given the impact of a downturn in China exports, vigorous efforts will be devoted to developing the domestic market during the period covered by the 12th Five-Year Plan, with a view to reducing the reliance on the export market.

On the other hand, faced with such factors as a rise in the standard of living as a result of rapid economic development in China, the weak US Dollar, and enormous pressure for appreciation of Renminbi, our imports from the Mainland have become increasingly tightened and prices have continued to rise. The pressure of inflation faced by us has been rising on the day. With rising costs but weak local consumption, it is impossible for business operators to fully shift the cost to consumers and they themselves must also bear a share. However, not only has the Government failed to put forward any policy to support sustained economic development, worse still, in order to prove that the Government has taken actions, it has continuously introduced polices which have nevertheless affected the business environment.

Speaking of this point, I am grateful to Ms Emily LAU. While she is not in the Chamber now, I thank her for saying yesterday that she appreciated the difficulties of the business community and the fact that there must be room for it to survive in order to provide job opportunities. For this reason, the Government must strike a balance in formulating policies. It must not skew to just one side, because it would not do any good to Hong Kong whichever side the Government skews to. This is especially so because small and medium enterprises (SMEs) constitute over 90% of all enterprises in Hong Kong and over 90% of the production value in Hong Kong comes from SMEs. But if we look at the Government's policies, I dare say that to SMEs, these policies are doing a disservice despite their good intention and they have failed to protect the commercial viability of SMEs. What Dr LAM Tai-fai has championed for more than a year in relation to section 39E of the Inland Revenue Ordinance is a case in point.

Take the most controversial tobacco control work as an example. As Members can see from the press reports over the last couple of days, while the business of newsstand operators has obviously dropped after the Government drastically increased the tobacco duty, illicit cigarettes have been smuggled into the territory one container after another. After the implementation of the smoking ban at pubs and bars, the Government has conducted inspections on such premises three or four times a night, making it impossible for lawfully licensed operators to do business and hence pushing Hong Kong people to go north for entertainment. We can all see that the night entertainment business in Hong Kong has almost become dead quiet. Even minibus and taxi drivers working on night shifts have been pouring out endless complaints.

Another massive bomb yet to explode is the Competition Bill on which a bills committee was formed just a few days ago. SMEs account for an overwhelming majority of our wholesale and retail industry. They have said that while the promotion of fair competition sounds appealing, in nowadays society it is basically impossible to seek fairness, because if they go to court with major consortiums, they may even end up losing the chance of doing business; on the other hand, the major consortiums have also expressed concern about excessive regulation imposed by the legislation which would deprive them of flexibility in operating their business. So, at this stage, I have not heard enterprises of any type indicating support for this legislation. Such being the case, whom do we wish to benefit in enacting this piece of legislation?

A number of economists in the academia have pointed out that a fair competition law, so to speak, is not applicable to the type of free economy like Hong Kong where there is no government enterprise. But such advantages as being a free economy and a duty-free port on which Hong Kong's development hinges have been shattered by the Government over and over again. We have lost our past advantages, while new initiatives have been lacking. I must ask: What can Hong Kong rely on to sustain its development in future?

With regard to the \$10 billion Community Care Fund (CCF) proposed by the Government, I would wish to see it come to fruition, disregarding from whose money the CCF will be made up of. A weekly has reported today that the amount of contributions undertaken by the business sector has already reached \$5 billion, which means that the CCF can already be set up. That said, I think apart from making financial provisions for setting up this type of fund to help the poor, the Government should also put to good use its colossal fiscal reserve. It can appropriate a certain percentage of its reserve to support social development and to serve as an ongoing source for the CCF, or it can invest in projects that are needed by society but yield low economic benefits, such as the environmentally-friendly recycling industry, or it can even provide tax incentives in an effort to attract projects which can benefit Hong Kong in the long term. Only in so doing can the Government repay the gains from society back to society, rather than clinging hard to this enormous reserve of \$2,200 billion and acting like a miser who only hoards money but never spends a penny.

President, I have always considered Hong Kong a piece of blessed land. Just look at this super typhoon "Megi". While it was approaching menacingly, it was all gone in a flash. The heavenly gods are indeed very good to Hong Kong. Can we leverage on this good fortune bestowed on us to work for the well-being of the community and the public? In fact, it is only through the concerted efforts of the Government, the political sector and the public that "sharing prosperity for a caring society" can be achieved. I, therefore, hope that the heads of the Government and Secretaries of Departments can listen to our views with broadmindedness and take on board as many feasible and constructive proposals as possible, with a view to building Hong Kong's future. I so submit. Thank you, President.

MR JAMES TO (in Cantonese): President, Mr Vincent FANG's speech just now simply made people laugh. He asked whether we Members of the Legislative Council are all critical of everything. I think we only need to listen to the voices of the people and pay attention to what has been discussed most by the public before and after the release of the Policy Address and whether or not the Policy Address can appropriately respond to the situation and we will know whether the criticisms made by us Members are Having listened to the speeches made by dozens of colleagues today, I have found that a great majority of Members have mentioned the My Home Purchase (MHP) Plan. They have criticized the MHP Plan is not helpful at all, nor can it be the right cure to address the problem at root. It has simply failed to hit the target. Upon the completion of his term of office in future, what is there about Chief Executive Donald TSANG that will impress the people most deeply? As people tend to have a fresher memory of things that happened more recently, the public certainly would remember just one thing, or they would remember at least one thing and that is, he refused to resume the Home Ownership Scheme (HOS) in any case. I do not know why he has refused to do so.

I think this is most ironic. Why has he refused to resume the HOS? I had indeed considered a lot of possibilities and given him the greatest benefit of doubt. I had been thinking and thinking, and I had tried to find out more from all sources. I had talked to officials at various levels, trying to find out his considerations and the reasons for his refusal to resuming the HOS. I also tried to raise with them some of my thoughts to see if they considered them reasonable. An official at the middle level said that this is because there are already hundreds of thousand HOS flats in Hong Kong and given the nature of HOS flats, the Government actually owns part of the value of HOS flats. As it was said earlier, there are about 260 000 HOS flats with premium unpaid. It means that if things go on like that and the premium forever remains unpaid, the part of the value in the Government's ownership, which amounts to over \$100 billion, would be locked up. As social resources exceeding \$100 billion are already locked up and cannot be utilized and put to use effectively, and if more HOS flats were built, that would mean locking up an extra tens of billion dollars. Let me assume for the time being that this argument against the resumption of the HOS is premised on the consideration of utilizing social resources effectively. But I still have to ask this question. Do we really need that \$100 billion so urgently? It is true that those 260 000 flats have remained to be premium unpaid, but are they all left vacant and rodent-infested now? There are people living in them, and these are

homes enabling people to live in peace and work with contentment, and this is a factor contributing to stability in society. So why should this be considered a waste of resources? Furthermore, if the premium can be paid in an orderly and gradual manner, it means that the resources owned by the Government can be unlocked and released in an orderly manner. I, therefore, probed the official and said, "Let us do it this way. We can allow some qualified members of the sandwich class, that is, those people not eligible for public rental housing (PRH) that we are talking about now — just some of them, not all of them, and a quota will be set at, say, several tens of thousand — We can allow them to buy these 260 000 HOS flats with premium unpaid on the Green Form. It means that without having to build new HOS flats, several tens of thousand HOS flats can be immediately made available to people who cannot buy their own home in the market or achieve home ownership through the MHP Plan. Would that be possible?" Of course, he replied, "We will think about it, as the Housing Authority is also considering how something can be done in respect of the HOS." I said right away, "Do bear in mind its merit. The merit is that it does not need to build new HOS flats, since your boss has refused to resume the HOS in any case and so, what matters most is that no new HOS flats would be developed." This is just releasing the old HOS flats, isn't it? Would that be possible? Unless an undertaking has been given to property developers that no matter what, new HOS flats would not be developed, so as to crush the sandwich class to death and make them buy private residential flats, no matter how expensive they are Unless the Government has made such an undertaking, the idea mentioned by me just put forward is very reasonable. But he maintained that initially, it would be very difficult to put this idea into practice.

Such being the case, I could only keep on guessing why new HOS flats cannot be built. Some officials told me (in sort of innuendoes) that they are worried about a drastic plunge in the property market which would be disastrous. In other words, they are worried about the emergence of negative equity. To these officials, the problem of negative equity is indeed etched deeply on their minds and particularly, the senior officials are worried that this will ultimately plunge society into a state of turmoil and lead to great unrest. But looking back on the past, we can actually see that there were often great fluctuations in the prices of HOS flats and yet, the rate of default on home mortgage payment for HOS flats has remained on the low side. Why? Because HOS flats are purchased for self-occupation. People who decided on buying HOS flats

basically have no intention to engage in property speculation. Moreover, HOS flats can prevent There is now a huge capital inflow, but HOS flats are open for application by eligible local residents only. In other words, HOS flats can at least be spared the considerable effects brought by foreign capital. Although people may argue that this is not true because the prices of HOS flats will still rise in tandem with price hikes in general, and even if it is just some 60% or 70%, there may still be problems. But I think at least they are sold at a discount rate and the effects can already be reduced. Besides, the owners have always managed to service their home mortgage payment.

President, to probe their response, I even proposed this: "Now that the Government has identified sites for developing 5 000 flats under the MHP Plan. These sites are not sites designated for PRH; nor will they affect the waiting time for the allocation of PRH flats. Besides, the MHP Plan does not affect the Application List, which means that it does not affect the supply of housing in the private sector. These sites are all extra sites. It would be better if more sites can be identified, but since sites have already been identified for building 5 000 flats, why does the Government not try to". Assuming that the Government's MHP Plan The Government said that this Plan is marvellous and such being the case, the Government may as well change the number of flats to be developed under the MHP Plan from 5 000 to 3 000, whereas the remaining 2 000 can be developed as the original type of HOS flats. It is like a competition between the two. On the one hand, 3 000 flats are provided under the MPH Plan and on the other, 2 000 HOS flats are provided. The feedback of the public can be gauged from the applications submitted and this can find out right away which way the wind is blowing and we will know how many people Some people may submit an application under both schemes to see if they can be picked for either scheme, right? Some people may think that the conventional HOS flats are not good enough and they may prefer the MHP Plan because they can enjoy the right to choose within a designated number of years. So, they may take a wait-and-see attitude. But the official just heaved a sigh in response. Why? He must have some unspeakable secrets or difficulties that nobody but just he himself knows. It means that even a proposal of building 2 000 HOS flats is rejected. I must ask: Why? Why is it that HOS flats are considered an unpardonable evil?

The Chief Executive stated in paragraph 25 of the Policy Address that "Any form of subsidized home ownership will only serve as a buffer". In other

words, this is not a long-term plan. This, I agree. This may not be a long-term plan but please bear in mind that when it is said to be serving as a buffer, and even though it is restricted to serving as a buffer only, I still want to know in what way it can be a buffer. Can it serve as a buffer in areas where the people have the greatest needs?

Why does the Government not try the idea mentioned by me earlier? It can also try to distribute these flats in an extreme way by putting 4 000 flats under the MHP Plan and the remaining 1 000 under the HOS. Of course, some people may say that I am wrong in proposing this, because if there are as many as 4 000 flats under the MHP Plan compared to just 1 000 HOS flats, the oversubscription rate for the latter would obviously be higher since there are only 1 000 HOS flats. But this is not the point. The point is that we only have to look at the subscription for HOS flats in each phase to find out the demand of the public. We can even conduct scientific questionnaire surveys to ascertain the actual situation. Why do the authorities not resume the HOS? According to the Government, the MHP Plan can help those people who will have the means to buy their own home in the long term. In fact, many people, especially Prof LAU Kwok-yu who has studied the housing issue for decades, have conducted analyses. According to the calculation proposed under the Government's MHP Plan, using a typical case as an example, if a person has \$300,000 in savings and after taking part in the MHP Plan for five years, the Government will return to him his paid rental totalling some \$200,000, and together with an additional several hundreds of thousand dollars saved up during these five years, he can afford a flat costing some \$2 million and pay the normal down payment at 30% of the property price. In other words, as claimed by the Government, the objective of the MHP Plan is to help people who currently do not have the means to make the down payment but will have the means to do so in future. Fine, I do not refute this point.

But why is assistance provided to families with a monthly income close to \$39,000 but not families with a monthly income of some \$20,000? Why is assistance provided to people who will have the means to make the down payment in future, but not families which have the down payment ready and which can make the down payment being 5% to 10% of the prices of HOS flats? Many colleagues have criticized the Government for proposing a solution which is too distant to address a pressing problem, because the MHP Plan will be implemented only in 2014. In fact, if the authorities can immediately release

some PRH flats subject to a quota, this can actually help solve the problem. But why do they not do this? Is it that Many people, including myself, have started to suspect As I am delivering my speech now, I must state my views. I have become suspicious. Well, simple enough, if all the arguments have been discussed, and all members of the public have given their support, and an overwhelming majority of Members of the Legislative Council have also given their support, but if the Government adamantly refuses to do it We have to understand one point: With such enormous backing, the Government is not going to be blamed; nor will there be disastrous consequences, because the entire society is asking the Government to go ahead with it. If problems emerged in the course of implementation, the Government can defend itself by arguing that it had mistakenly listened to the views of a great majority of members of the community. But will there be disastrous consequences? Will it be fatal to build a few thousand HOS flats? Will the property market collapse immediately? Why does it refuse to build HOS flats? What more can I say? I can only suspect that the Chief Executive had given property developers an undertaking during his electioneering that no HOS flats would be developed. This is his undertaking.

Besides, during a dinner gathering recently I heard some remarks that even I myself considered greatly shocking. Two persons, who are CEOs in the media, did not only share my suspicion, but also had further suspicions about why it is stated in paragraph 18 of the Policy Address that only 20 000 private residential flats will be made available annually in the next 10 years. They even suspected that this is a guarantee given by the Government to property developers that the production of residential flats will be tightly controlled in the next decade and that the production volume will be capped as such to enable them to continuously reap profits. Just do some calculation and we will see that property developers are set to win and make money. On the other hand, the Government appealed to them to make contributions to the Community Care Fund, asking each of them to donate hundreds of million dollars as "protection fee" in exchange for the Government's guarantee for keeping a tight rein on the supply of housing in the next decade to enable them to reap profits continuously. President, these two CEOs who held these suspicions do not have any grudge against the Government and the comments they generally make are fair. But even they would hold such views. Tell me, what should you do? If the Government does not give strong reasons to convince us that HOS flats should

not be developed, its decision can hardly be acceptable to the public, and hardly can the public understand what is going on.

President, let me briefly talk about "inflated buildings". Under the new measure of the Government, the new rules will apply to building plans submitted after April 2011. The Democratic Party understands the objective need to set a date for commencement of the new rules. But when it comes to the public sector, such as the MTR Corporation Limited and the Urban Renewal Authority (URA), the community will have even greater expectation of them, and the community will all the more hope that they can set an example. If the policy to reduce the "inflation" rate does carry a fair and reasonable meaning to society, I would think that these public bodies over which the Government can exercise influence should immediately follow the new rules in some of their projects to be put to tender, in order to take on a leading role. President, with regard to the Urban Renewal Strategy, I am a Non-Executive Director of the URA, and the renewal strategy has been thoroughly discussed. After its announcement, I have heard people express quite strongly a number of views in the districts: Firstly, the Government first introduced the District Renewal Forums using a bottom-up, people-centred approach, which is commendable. However, some people have expressed concern about this. They are concerned because the first such forum will be set up in Kowloon City, and improvement will be made in Kowloon City in the coming year or two as a bottom-up, people-centred renewal approach will be adopted. But in other districts, including Yau Tsim Mong, Tai Kok Tsui, and so on, will a similar approach be adopted to enable residents' views to be reflected also in a bottom-up manner through the District Renewal Forums to enable the URA to take these projects into consideration more comprehensively?

The second key point is the "flat for flat" scheme. President, I basically support replacement on the basis of a "seven-year-old flat", for this is decided after detailed discussion. If we change this "seven-year-old flat" rule, the disputes to follow will never cease, and this will disable us from carrying out more practical work. Having said that, I think the URA should still consider more flexibly how "flat for flat" can be implemented on the existing basis. For instance, when the Government provides a site for it to develop flats under the "flat for flat" scheme, how is it going to build these flats? Can the URA make premium payment to the Government in instalments and if it can, how should the premium be calculated? The method of calculation often has implications on the accounts of the URA and when these implications do exist, the URA will have different views, and it will have different considerations in deciding on the ways to provide "flat for flat" arrangement for the public in a better way. After

implementing this pilot scheme on a site adjacent to Kowloon City, can the Government provide an additional site in other districts where there will be major developments? The Government may think that by providing a site, some people can be rehoused there while the renewal project itself may also provide some rehousing arrangements. The Government may think this way. This will actually involve a lot of difficulties. But assuming this can succeed, it is necessary to provide a site for a similar project in more districts, such as the West Kowloon Reclamation Area.

MS CYD HO (in Cantonese): President, the keynote of the Policy Address this year has remained unchanged, and it is still "big market, small government". This keynote can neither solve Hong Kong people's housing problem nor address the wealth gap problem at root. The term "anti-rich" has become very popular recently, and I think it is used by some people to smear those who have made criticisms against the disparity between the rich and the poor.

Actually, people who challenge the injustices in society have unexpectedly been described under the term "anti-rich" as jealous and narrow-minded. Yesterday, Mr WONG Yuk-man made this remark written by me: "There is no hate without a cause". Actually, members of the public are not anti-rich. What they resent is that some people have, in their process of becoming tycoons, engaged in a lot of exploitative activities against the grassroots; and what people resent is that there are too many privileges and too much monopolization, which has led to the disparity between the rich and the poor.

President, I will now speak on people in poverty, by which I do not mean those who suffer from physical or mental disabilities or those who are not competitive, but rather the able-bodied and educated who are unable to maintain a reasonable living standard even though they have been working like a dog day in and day out. As the Government has introduced policies to complement the monopolistic conduct of businessmen and imposed regulation on land supply, the incomes of the working masses, who work like a dog every day, have been badly eroded under such a monopolistic situation. The grassroots are still confined to the lowest stratum of society, and even university graduates can only become the lower stratum of the sandwich class.

The Chief Executive recently explained that members of the public are not anti-rich, but are only resentful of social injustices. As the Chief Executive, he is duty-bound to find out where such social injustices come. The Government has a duty to eliminate such injustices. Is he not aware of the root of these injustices? Or does he simply choose to turn a blind eye on them? If there is injustice in society, the Chief Executive is duty-bound to eliminate it. He has the duty to eliminate such unfairness.

What is most infuriating to members of the public is that anyone with a discerning eye can see that the root of such injustice and the cause of the wealth gap actually boil down to the entangled and tightly-knitted relationship between business and the Government. The Central Authorities need the help of members of the Election Committee which elects the Chief Executive, namely, heads of consortia and members of the business sector, to maintain the centralization and monopolization of political rights in Hong Kong. How can they reward them in return? Even President HU Jintao had to find some time to meet with LI Ka-shing, though the meeting only lasted for 20 minutes. When even the President of our nation has attached great importance to them, no wonder the senior executives of these consortia adopted such an arrogant and presumptuous attitude, giving no regard at all to government officials when measures to dampen property speculation were introduced. The results are high land price in Hong Kong and exorbitant housing and daily expenses for all. Members of the public have to contribute a large portion of their hard-earned salaries to the real estate industry.

During the time of MACLEHOSE, one third of the population lived in public rental housing (PRH). This benevolent measure left behind by the former British-Hong Kong Government has enabled many members of the public to live in affordable and safe flats free from the risk of fire, flooding and landslide. The rent level of PRH, assured in law, is set at 10% of tenants' median household income, so that tenants, who can only earn a meagre income, will still be able to meet the expenses on food, transport and education and a small amount of medical expenses. Besides, as the general living expenses of these grass-roots tenants are subsidized by the Government in this way, salaries for workers can be maintained at a relatively low level, which has indirectly enabled small business operators to meet their operational costs. Therefore, people's livelihood and the overall economy of Hong Kong actually hinge on our policies on housing and land supply.

Nowadays, members of the Hong Kong public buy properties not only to meet their housing needs but also, to a certain extent, to engage in speculative activities. As people are afraid that the later they buy properties, the more unaffordable the properties will become, their demand is also panicky in nature. While the consortia, with their tremendous financial strength, may put aside the completed properties and launch them onto the market when prices can be set at a higher level, we need accommodation and shelter every day. This has resulted in an unbalanced demand and supply. When there is such an imbalance in the market, and when prices are controlled by a small number of people, the Government has a duty to increase PRH supply and solve Hong Kong people's housing problem through the provision of subsidy.

If we only create demand by introducing the My Home Purchase (MHP) Plan, it would be very dangerous. Buyers purchasing the flats under the MHP Plan at prevailing market price may enjoy the existing low interest rate, with the mortgage interest rate being about 2.5%, or even less than 1% at HIBOR if the mortgage loan is less than \$3 million. But many countries are considering increasing their interest rates soon. Once the interest rates go up, the financial burden of home mortgage payment will become very heavy. This may cause those people who have made home purchase decisions because of the availability of government subsidy despite their lack of financial means to become negative equity property owners.

President, I always think that it is not the Government's duty to help the public in home ownership. Members of the public do not necessarily have to buy their own homes, and they may rent flats throughout their lives. Why do they have to buy their own homes? First, they dislike moving; second, they are afraid that rental will keep rising and become unaffordable when they have grown old and retired. It is because of such fear that they want to buy their own homes. However, in order to truly solve the housing problem, I have to reiterate that the authorities should increase PRH supply, shorten the waiting time and relax the PRH application criteria to balance the demand and supply in the housing market, in which prices are controlled by a small number of people. If the PRH supply is increased or PRH with two quality levels are available, and if the PRH application criteria are relaxed, the lower stratum of the sandwich class may have a respite. When they have saved up enough money, they may turn to the private market.

The biggest problem in increasing the supply of subsidized housing is certainly the identification of sites, particularly those in the urban area, to enable residents affected by the redevelopment of old areas to work in the same district and also provide labour supply to the relevant districts. I wish to urge the Secretary for Development again to make the best use of some vacant sites or vacant government properties, such as the police quarters at Ka Wai Main Road, and consider redeveloping some public housing estates with lower plot ratio, such as the Sai Wan Estate. This will not only increase the number of PRH units in the urban area, but also provide an opportunity for planning anew the community facilities in the relevant housing estates, such as providing canteens for the elderly, singleton elderly housing and child care services, so that there is excellent social service planning close to the homes of grassroots.

I do not object to the resumption of the Home Ownership Scheme (HOS), but some changes have to be made to the approach to prevent the flow of subsidized housing, such as HOS flats or flats sold to sitting PRH tenants, into the private market and become another commodity of speculation. People may ask why this should not be allowed even after land premium payments are made. Because, as we have just said, one of the big problems in providing PRH flats is site identification. Actually, with every completed PRH flat sold in the private market, the total building area of public housing will be reduced by the building area of the PRH flat sold, and such an area is part of the land area designated for PRH construction.

As owners of HOS flats have received subsidies, they already have a respite. We should allow them to save up enough money and turn to the private market with their own means. When giving up their HOS flats, they should sell them back to the Housing Authority (HA) or the Hong Kong Housing Society (HKHS) so that these intermediaries can then sell the flats to those who need subsidies, rather than allowing them to become another type of commodity for speculation in the market.

As for the MHP Plan, it will not help the tenants, and the key is "prevailing market rent". The only help that the MHP Plan can render to tenants is to enable them to rent flats at fixed rent for five years. However, they are still flats leased at prevailing market rate. Although tenants will not have to worry during those five years that the rental will shoot up, when they decide to purchase these flats or

other flats at the end of or during the five-year period, they actually have to do so at prevailing market price. This is unable to address people's housing need.

President, the income limit is also very ridiculous. The authorities said that for singleton applicants, their income must not exceed \$23,000. However, do Members know what estimate the Government has made in another document about the income of the singleton population aged 20 to 29? It was one of the documents on healthcare financing entitled *Your Health, Your Life* released in 2008. There was an estimate in Chapter 10 of the document. According to the statistics of the Government, 80% of the young people aged 20 to 29 have a monthly income of below \$14,499, while only 20% of them have a monthly income above \$14,499. How do you think these singletons can benefit from the MHP Plan?

President, sustained low income is indeed a major problem in the governance of the Hong Kong Special Administrative Region (SAR). The grassroots always lack bargaining power when it comes to salaries and accommodation expenses. In examining the issue of minimum wage, we met a lot of resistance from the pro-establishment faction. Yet, no one has ever proposed that there should also be a maximum rent level to enable the grassroots to maintain a balance between their income and expenditure. This is what Hong Kong people regard as injustice. Why are there such situations in our social system?

The hegemony of developers has affected not only people's monthly actual living expenses but also many aspects of their life. Last year, the Development Bureau invited submissions on the initiative of quality built environment. During the process, I believe many people may have noticed clearly that many screen-like buildings, which have blocked the ventilation openings and aggravated the heat island effect, were built because real estate developers wished to build more units with a sea view and increase the plot ratio, so that more flats at higher prices could be put up for sale.

What is more, they even adopted a closed design with the toilet and bathroom centred in the middle of the building and the conduits inside the walls being the only means of ventilation. When they have aged, it would indeed be very dangerous in such situations as the spread of the epidemic in Amoy Gardens during the outbreak of SARS. However, this design, which sought to make

available more flats for sale at a higher price, was even approved by the Government. The Government even approved this design in its entirety which would pose health hazards to the public and speed up climate change, subjecting the grassroots to adverse effects caused by these human factors. Here, I hope the Secretary for Development will adopt a people-oriented approach in implementing the quality built environment initiative. It should consider the impact of climate change on people living in cubicle apartments in old districts in such a built environment and take forward this initiative in a more proactive manner. Otherwise, these screen-like buildings will actually become heated coals given to the grassroots in hot weather, making their life, which is already difficult with the wealth gap, even more so.

With regard to the economy, if the problem of high business operational costs caused by high land price is not solved, many industries will have no room for development and creativity will also be stifled. For example, the electric car designed and developed in Hong Kong by The Hong Kong Polytechnic University is manufactured in the Mainland instead of Hong Kong because of the problem of land. Although the Chief Executive has come up with the idea of developing a number of industries with clear advantages not requiring extensive land, people engaged in these industries also have housing needs. They also need to go shopping and make spending. If rentals for housing and shops are so high, even if the manufacturing process, which requires land, were relocated to the Mainland, the living expenses of people engaged in these industries in Hong Kong would not be reduced.

What is meant by the hegemony of developers? It means that developers do not need a lot of ideas to run their business. All they need is to think of how to "inflate" the flats and boast about how relaxing and refreshing people living in these flats will be in order to sell more flats; or they only need to pay attention to how much money their tenants make, so as to increase the rental accordingly. This trend of development will not help to maintain the competitiveness of Hong Kong. This is the kind of systemic injustice resented by the public, and people's anti-rich sentiment is not targeted at a particular richman.

I hope the authorities will, apart from subsidizing people's home ownership, adopt a more proactive approach by drawing reference from the public housing policy and setting the household median income at a level above a

reasonable level of housing expenses. If the rental level of PRH is set at a fraction of tenants' median household income, at the resumption of the HOS, the maximum mortgage payment limit should be set at 30% or 40% of the owners' median household income, so that HOS flat owners will be able to meet their other living expenses.

As for the Community Care Fund (CCF), President, just now we have mentioned that many consortia and real estate developers have reaped the grassroots' hard-earned money through monopolization of land, yet we even beg for these donations from hell. This is indeed an insult to the public. What we should consider is actually the introduction of progressive profits tax rather than begging the real estate developers for contributions to the CCF, some bread crumbs to the grassroots through their fingers. We should consider the introduction of progressive profits tax, so that those consortia which make more profits will pay more. This sum of money which will go to the public coffers will be subject to the scrutiny of the public and this Council. This way, we will be able to care for the community under a proper and formal mechanism.

Thank you, President.

MRS SOPHIE LEUNG (in Cantonese): President, after the discussion yesterday, I noticed that there were many criticisms against the MHP Plan in particular. As there is something I really want to get off my chest, I have to speak this morning.

I think our society does not need so many people to trample on our social systems. Quite the contrary, society and the public need more hope, and we should refrain from causing people to feel as if there were heavy slabs of lead pressed on their hearts. After listening to certain remarks made since yesterday, especially those made this morning, even people as positive as I am would feel as if it was the end of the world. I think we should refrain from doing so.

President, the day after the Policy Address was published, I told Mr LEE Wing-tat my idea in the Ante-Chamber. Initially, he also criticized the MHP Plan, but after listening to my idea, he said my proposal was viable. Then I said to him, "Mr LEE Wing-tat, shall we bring up this point together?" Yet, he disagreed and suggested that I should bring it up.

President, regarding the MHP Plan, actually we should not think of making criticisms only after looking at the surface of any plan or anything. I think we can also introduce a 90% mortgage loan under this scheme. When flats under the Plan are completed, the Government may set the rent level with tenants for a period of, say, five years — as we are also talking about five years now — during which all tenants may make their own choice and choose between buying their flats or moving out.

Third, when the tenancies commence, the Government should also set the maximum sale price of the flats. Why? As the flats have already been completed, the Government will be able to calculate the amount of interest and costs to be incurred during these five years and set the maximum sale price accordingly. In the calculation, the Government might as well factor into it some rate of profit, but I am not suggesting that it should adopt the existing mode of development, that is, adopting the same mentality as existing real estate developers, in selling these flats.

Fourth, when the tenancy agreements expire, that is, after the five-year tenancy period, tenants should not be allowed to renew their tenancies. They should only be allowed to choose between moving out and buying the flats at the pre-set price. After the tenants have made their choices upon the expiry of the tenancy agreements, some flats may become vacant. The Hong Kong Housing Society (HKHS) may let out these vacant flats at prevailing market rate for a specified period of time, say, three years, or sell the flats to a third party, which will enable it to make more profits.

There is yet another point I wish to make. Under my proposal, as the HKHS will provide the funding for building these flats, it may, in its capacity as the principal landlord, attract more small and medium or even new developers to participate in the project right at the beginning. These developers will only participate in the tender exercise, make proposals on the mode of construction and see to it that the buildings will attain a certain standard of quality. They will only undertake the works project and get paid for it. After the completion of the project, they have to hand the buildings over to the owner and then withdraw without getting involved in the issue of whether or not profits can be made. If the HKHS, as the principal landlord, can do so, it will be able to help new developers build "no-frills" buildings, while at the same time calculate the price of the flats immediately and set the sale price of individual flats to facilitate

tenants' decisions. Besides, the HKHS may also calculate its expenditure and income after selling each block of completed flats. While it may be able to make a profit, it is also possible that losses will be incurred. Any profit made may be used to feed the MHP Plan, which can then be used for constructing more buildings under it.

President, yesterday I discussed this idea with a senior official who has been working in the Housing Department and the Hong Kong Housing Authority for a long time. Regarding the MHP Plan, initially he also queried why the Government did not resume the HOS, and he held similar views with those of many of Honorable colleagues. However, when I told him my idea, he said my proposal is 10 times better than the HOS. I think we should give consideration to similar flexible options and consider the issue more from the business point of view. Everything will be unviable when we see it as such, yet it may become viable if we can come up with some flexible proposals. We should not draw the conclusion that something is infeasible just because it appears to be rigid.

President, this is only a preliminary proposal, and I believe there are still many details or minor problems to be examined. Actually, I am only trying to stimulate further thinking. While I am not saying that my proposal is definitely right, at least I wish to encourage Members to adopt a positive attitude and come up with a satisfactory scheme. Thank you, President.

DR MARGARET NG (in Cantonese): President, the theme of this session should be poverty alleviation and poverty-related policies. As I basically agree to most of the remarks made by Ms Cyd HO just now, I will not repeat them.

I think the problem of poverty is not about providing relief. There are so many instances of institutionalized unfairness in society, even a tendency to worsen, that people who originally had the capability and aspiration to be self-reliant can hardly do so. This problem involves not only economic policies but also planning and labour policies and various other family policies. Therefore, when speaking on the poverty alleviation policy last week, CHUA Hoi-wai said the primary task was to re-establish the Commission on Poverty. I consider this necessary, but if it turns out that only welfare issues will be

discussed, just as what happened in the last incarnation, I think it will be a waste of time because we must have the determination to examine the issue in a comprehensive manner. To solve the problem of unfairness in the system and planning of Hong Kong, we must have a vision of a new Hong Kong. Yet, our Government has always been criticized for its lack of an overall vision.

President, I wish to place the focus of this session on compulsory land sale. President, the Government's most serious administrative blunder last year was pushing through the lowering of the threshold for compulsory land sale to 80%. Recently, an experienced, senior professional, who can also be regarded as successful, told me that he had purchased his own flat neither for making profits nor for investment, but in order to live in peace and work in contentment. In particular, he hoped that he would have a stable home and a shelter when he retires. However, he would never have expected that the flat he owns is subject to compulsory sale. As long as the developer can secure 80% of all the undivided shares of the lot, it may force him to move out from his existing flat. At that time, he will not know where to go and may only be able to buy another flat in a remote district. Under this circumstance, he questioned how he could lead a peaceful life in his twilight years and whether any protection was available for property owners. He asked why the Government had to do so and why it had to satisfy developers' wish by giving them an opportunity to reap more profits at the expense of his life planning. President, if the authorities really regard people's wish as theirs, they should indeed review this issue afresh.

The legislation on compulsory land sale was passed in 1998 by the Provisional Legislative Council which was not elected by the people. Regarding this piece of legislation, Gordon CRUDEN, former President of the Lands Tribunal, made strong criticisms against it. President, I think the fundamental criticisms he made in his authoritative publication warrant the Government's thinking. I will read out a section from his book, and I quote: "The enactment of the Ordinance in 1999 effected a radical change to Hong Kong compulsory land acquisition laws. For the first time, machinery was provided for the private owners of a majority of shares in a multi-owned building to compulsorily purchase the remaining privately owned shares for the purpose of redevelopment The problem raised fundamental issues of the extent to which, in the interest of desirable private redevelopment, the law should permit inroads to be made into the right of private ownership of property." The right of private ownership of property is actually an important basis of the common law. Why has our right of land ownership worsened so significantly all of a sudden after the commencement

of the Government of the SAR in 1997? Mr CRUDEN went on to say that: "The statutory power to permit the compulsory purchase by a private owner of another private owner's estate or interest in land owned by them as tenants-in-common in specified undivided shares, goes considerably beyond previous legislation. Where Government or a public statutory body resumes land it is required to be for a 'public purpose' On the other hand (1) the compulsory powers of the Ordinance do not have any public purpose requirement; (2) the Government is not involved in the compulsory sale process; and (3) compulsory purchases are normally only for one building or associated or connected nearby buildings. The private purchases are generally made for spot development for private profit and are not part of the wider comprehensive development plan for the public good." The most important point is that such legislation did not exist in the past, and only the Government may compulsorily resume land or buildings required for a public purpose. Under the existing arrangement, however, one may compulsorily acquire an owner's property purely for private development for private profit and not necessarily for the public good. In his opinion, this arrangement has effected a radical change to the whole concept of land ownership protection. President, I hope the Government will consider this comment seriously because it is made by a most authoritative, experienced judge with rich experience in resumption.

President, what I wish to talk about today is not purely the theory and concept pertaining to property rights but also the actual benefits. In practice, this arrangement will not only allow developers who have obtained the majority of the undivided shares to rob people of their assets, as some Members said, but also give rise to a drifting effect, causing many people to suffer from the plight of drifting everywhere. In particular, this arrangement will affect those people who do not have the means to deal with this problem. President, during the discussion on the legislation on compulsory land sale and the lowering of the threshold under the legislation, we already examined many details with the Government, and I am definitely not only looking at the issue from the conceptual perspective. After all, we have to give regard to the actual situation that it is indeed impossible for property owners to buy other properties in the same district with the compensation offered in accordance with the legislation on compulsory land sale. Therefore, if owners wish to buy other flats, they have to move to other districts after their flats have been compulsorily acquired. We have come across many examples in which people could only buy flats in Tin Shui Wai after their properties in North Point were compulsorily acquired. Why did the

Government pass a piece of legislation which causes members of the public to drift everywhere?

President, the threshold prescribed in the original legislation was 90%. Although this threshold was problematic in principle, it would at least have some restricting effect in practice. However, when the threshold was lowered to 80%, the consequences become even more detrimental. We notice that developers' targets are mostly tenement buildings, and very often, the problems are related to the street-level shops. A recent case in point is that a certain group which wished to acquire a tenement building in Sham Shui Po had acquired all the units except the street-level shop of the Leung Fat Noodle. As the Leung Fat Noodle owns 14% of the undivided shares in the lot, even if the developer had acquired all of the other units, the relevant total undivided shares acquired would still be insufficient for the developer to acquire the building compulsorily if the 90% threshold was still in place. However, if the threshold is set at 80%, the noodle shop could only consider relocating or closing its business. The noodle shop managed to carry on its operation not only because it has been operating in the district for a long time but also because the shop is the operator's self-owned property, which has freed the operator from worries about the issue of rent. Problems such as this will only cause some law-abiding, good citizens who wish to start up or maintain their own businesses and those who have developed their reputation and business in the local districts to be unable to keep their businesses running.

President, I am certainly aware that it has been said that this incident was a "false alarm". As the building in which the Leung Fat Noodle is situated is less than 50 years in age, the relevant legislation does not apply. Because for a building less than 50 years in age and is a non-industrial building, each unit in the lot will have to account for more than 10% of the undivided shares in the lot, but now each of the other units in the lot only accounts for 50% it should be 5% of the undivided shares. President, regarding these technical issues, I certainly understand them and I have also acquired a clear understanding of them before putting forth my idea to the Secretary here. However, just come to think about it, if the building concerned is 50 years in age rather than only some 30 years, what I have just said would become meaningless because the building will be subject to compulsory sale.

According to a survey conducted by the authorities, there are now over 4 000 buildings aged 50 years or above in Hong Kong, and among these buildings, some 1 500 of them are on Hong Kong Island while over 2 000 of them

are in Kowloon. These buildings may face the same crisis, depending only on whether private developers think they can reap huge profits after acquiring them compulsorily. Besides, as many buildings will soon become 40 or almost 50 years in age, will there be a large number of buildings facing the same fate by then? This shows that the requirement of acquiring 90% of the undivided shares for compulsory sale will actually have certain restricting effect, and once the threshold is lowered to 80%, many new problems will emerge, and many people have to face this situation.

President, I also live in a building which will soon be 50 years in age. The old building I live in is very neat and clean, and the owners are willing to pay for its maintenance and repairs. However, what will happen if a developer sets his eyes on this building? Nobody can tell. Therefore, do not ever assume that this arrangement is only targeted at a particular group of people, that is, the poor people living in old districts. Actually, people from all walks of life in Hong Kong may also be affected. Many middle-class people or people who bought their own homes when they were young hope that they will be able to live in an ordinary flat, not a lavish one, when they retire. These people will also face this trouble. May I ask the Government whether this arrangement is in line with the Government policy of fostering social stability? Is it a fair policy? In the absence of any public interest ground, what exactly are the justifications for allowing private developers, for profiteering purposes, to force people who originally owned the properties to move out? I hope the Government will consider these issues and find out who will stand to benefit from this arrangement.

President, although the Government is silent on this issue in the Policy Address this year, I think it has to consider thoroughly how the unfairness arising from the lowering of the relevant threshold can be rectified. The first aspect of unfairness is that even if the Government does not repeal this Notice which effected the lowering of the threshold to 80%, it should at least make it clearer and include in it some criteria, rather than subjecting all buildings which are 50 years of age to the risk of compulsory sale. These criteria could be related to public interest, redevelopment of old districts or dilapidation of the relevant building. Alternately, instead of only requiring that the building must be 50 years of age, the Government may also specify other conditions for compulsory sale.

The second aspect is about the procedure. At present, if a person wishes to raise objection to the compulsory sale of a particular building, he must be an

owner possessing the unit(s) of that building. Even if his title is in order, he has to be prepared to bear huge legal fees when he raises objection to the application in defence of his property ownership. He will also have to pay the expert fees upfront for such experts as surveyors. If the other party wins the case, he may also have to pay the other party's legal fees, and the amount involved can hardly be estimated. President, we have to consider the conditions under which the Lands Tribunal will approve applications for compulsory sale. The Secretary or officials of the relevant department pointed out that the state of repair and conditions of the relevant building are also crucial. However, from the incident involving the tenement building in which the Leung Fat Noodle is located, we can see that when a developer has acquired the majority of the undivided shares in the lot, it will, whether intentionally or not, cause the other units in the building to become lack of repairs. As you can imagine, President, even if the state of repair of the building is not too bad, when there are water leakage problems and broken windows or when the building has even deteriorated to a state which may pose dangers to the public, the owners will have no choice but to demolish it for redevelopment.

Besides, some people may think that when making decisions on whether or not to approve applications for compulsory sale, the Lands Tribunal will consider whether the relevant buildings are dilapidated and will pose dangers to the public. However, this is not the case actually. Members have to study the legislation carefully. Regarding the requirements on the state of repair, the Tribunal will only consider whether or not the building is beyond economical repair. From this angle, President, I believe pulling down the Buckingham Palace for development into a large shopping mall is far more cost-effective than spending money to maintain it because the cost of maintenance and repairs of such palaces is very high. Therefore, there is only a very slim chance that the minority owners will win the case. Let us take a look at the figures for last year. Among the 21 applications for compulsory sale, 20 were approved. That being the case, how could small owners pay out of their pockets to raise objection to such applications for compulsory sale? Actually, the authorities might simply tell us that as long as a developer has acquired 80% or more of the undivided shares in a lot, it is almost certain that it can force the remaining owners to move out. I think we should not allow this arrangement to continue.

The Lands Tribunal is recently handling a case involving some old tenement buildings on Observatory Road. One of the owners pointed out that these tenement buildings are very valuable as they are designed by a certain

famous architect who only has a small number of works surviving. Certainly, President, insofar as this law is concerned, whether the relevant building is worth preserving is not really important. The Lands Tribunal told us that in processing applications for compulsory sale, whether or not the relevant building possesses such value does not matter, and under the relevant law, it cannot take this into consideration. Hence, there is no room for negotiation no matter how valuable the building is. Therefore, President, I think this law is neither in the public interest nor in line with our aspirations for Hong Kong to give regard to conservation in planning and encourage owners to maintain their own homes. Therefore, President, apart from reviewing the existing legislation on compulsory sale and application criteria, we think the authorities should also proactively encourage the owners of the entire building to undertake development in collaboration with each other. The relevant authorities should facilitate them in this endeavour should they make an application for such development.

I remember that during the discussion on the legislation on compulsory sale, many Members proposed that mediation should be employed as a solution. Certainly, I do not mean to throw a wet blanket, but when both sides are not on an equal footing, what is the use of mediation? The stronger party will definitely not make any concession. Therefore, certain criteria, policies and mechanisms must be drawn up. If the owners are willing to undertake the redevelopment, they should have the priority to do so. Besides, if the developer is willing to offer "flat-for-flat" and "shop-for-shop" arrangements, it should also be taken as one of the factors for consideration. President, the lowering of the application threshold for compulsory sale may have already caused potential social instability and unfairness. This is contrary to our long-established principle of offering protection under the law, our vision of leading a peaceful life and our principle of preserving certain buildings and objects, that is, to avoid discarding and damaging resources and producing wastes in the course of redevelopment. Therefore, President, in this session, I urge the Secretary to consider these views to make our system fairer.

Thank you, President.

MR WONG SING-CHI (in Cantonese): President, the Legislative Council conducts a debate on the Policy Address today and to thank the Chief Executive for it. However, the Chief Executive indicated in the last election that he was

merely "doing a job". Of course, he has to work after getting the pay. If his performance is good, we can praise him. However, if his performance is poor, there is no reason for us to thank him, right? Therefore, I consider the Motion of Thanks merely a ritual. As the Chief Executive merely considers himself being paid to do his job, we naturally have expectations for him. It is therefore hoped that the Chief Executive can heed the voices of the public and echo them in the Policy Address.

President, reviewing the Government's recent work, we can actually find that the Government's sensitivity in governance is pretty poor. Secretary Eva CHENG can be considered as in bad luck. As pointed out by me in a panel meeting — the Secretary is not in this Chamber today — she is in charge of two major areas, namely housing and transport, which are under the control of some consortia and tycoons. As a result, she has encountered great difficulty in her work. Apparently, the Chief Executive might thus be subject to control, too. This is why he dares not take drastic actions in handling many matters. What are the problems with resuming the construction of HOS flats? In fact, there is not much difference between the My Home Purchase (MHP) Plan and resuming the construction of HOS flats. If the MHP Plan could operate in a manner similar to that the HOS in terms of details, the former can actually be likened to the HOS. However, the Chief Executive said that it would give people a very bad impression should the construction of HOS flats be resumed when his tenure of office has only two more years to go, given his previous opposition to resuming the construction of HOS flats. If it was for the sake of ego, I would like to ask him to think this over: Does it really have anything to do with his ego? Given that he merely considers himself doing a job, why did he not call it a day after getting his job done? Why did he insist that the construction of HOS flats must not be resumed for reasons of his ego? I do not think this is justified.

I will come back to welfare in detail later, but I will say a few words about the Community Care Fund (CCF) first. While I will not oppose the Government establishing the CCF, making it a standing welfare supplement would prove the Government's lack of sensitivity in governance and reluctance to implement policies to combat poverty in concrete terms to improve the people's lot. On the contrary, for the sake of raising the reputation of the business sector or tycoons, the Government will appeal to them a donation of \$5 billion, or preferably \$50 billion; but it is only \$5 billion now. Honestly, regarding the donation of

\$5 billion — Mr Paul CHAN put it most aptly when he said that if the profits tax paid by companies earning \$10 million or more were increased by 1%, the Government's annual revenue could already be boosted by \$6 billion to \$7 billion. Why should the Government beg those tycoons to donate \$5 billion for poverty alleviation work? Such a move would then be unwarranted. Nevertheless, I will not object to the Government doing so because it can at least get some money from the tycoons through coerced donations. But frankly speaking, this is just window-dressing. The Government must implement some bold and resolute policies as long-term poverty eradication initiatives. The same applies to the political system, too. As the Chief Executive merely considers himself doing a job, he has refused to say anything about the electoral arrangements post-2012. This is quite terrible. Later, we have a session for this topic.

Let me now say a few words about transport. As I mentioned just now, the two major areas, namely transport and housing, which are in the hands of Secretary Eva CHENG, can be likened to two hot potatoes. Recently, the MTRCL has launched a publicity campaign with a commercial making apologies for blocking people's ways years ago for the sake of seeking sympathy from the public. While these words still ring in our ears, an accident happened in which a large number of people going to work were delayed. The commercial was originally intended to offer apologies to a student who was delayed while going to school, a manager who was delayed while going to work and a lady who was delayed on a shopping spree. Buddy, if people could eventually be promoted to the rank of managers, it did not matter even if they were delayed. However, not a word was mentioned about those people who lost their jobs because they were delayed on their way to work by the MTR. This is why we should not be moved by this commercial, thinking that the MTRCL clearly knows what is right and proper and the inconvenience that has caused us and it has therefore offered its apology and consequently moved many people to tears. But buddy, it is not time for shedding tears for a few chords touched. A large number of people had experienced such long delay because of the glitch. Although it was just a minor glitch, caused by a broken cable, we could not help wonder why a cable could have trapped hundreds of thousands of people. Yet, the Government has not done anything at all. Many people were not moved to tears; instead, they were so crowded that they could not help crying. However, even now, the Government has still not demanded the MTRCL to shoulder responsibility or taken any actions to penalize it.

President, I believe the incident that happened in the MTR last Thursday still remain vivid before the eyes of viewers in front of the television. The problem is not only about people going to work experiencing delays; all the matching arrangements made by the MTRCL were actually in a mess after the MTR service was delayed. No one noticed the fact that it took only seven minutes to walk from the Yau Ma Tei MTR station to the Jordan MTR station. It turned out that the MTRCL, given its enormous scale and its monopolization of the territory's mass transit network, had failed not only to notice this and come up with the necessary arrangement, but also to get this trivial task done properly. But apparently, the Government has continued to condone the MTRCL and allow it to get away with just an apology to the public. The authorities have entirely failed to put in a place a system to monitor large organizations to ensure that they will continue to provide necessary services for the public. Under such circumstances, I think that the Secretary can hardly maintain that she has a strong sensitivity in governance. Basically, transport in Hong Kong has already been monopolized by the MTRCL. It is unacceptable for us to continue to condone the serious delays caused by the MTRCL to a large number of people.

Secretary, I believe you should have noted from the information that the MTR experienced delays of more than 30 minutes on nine occasions throughout the year of 2005. Eight to nine incidents delay also occurred before and after the merger of the two railway corporations in 2007. However, during the past two years, that is, in 2008 and 2009, 18 and 19 incidents delay had occurred respectively. This fully demonstrates the extremely poor performance of the Government in handling these issues and the MTRCL in performing its work. President, in the upcoming policy address — I should have said the upcoming administrative initiatives, not the upcoming policy address — I wonder if the Secretary can formulate an effective strategy to ensure that mass transit operators can cater to the realistic needs of the public. The Secretary must not allow these operators to shirk their responsibility with just an apology, thereby making the public suffer losses badly and causing enormous losses to Hong Kong in consequence. Under such circumstances, I believe Hong Kong people can no longer tolerate the Government disregarding the problems with the services provided by mass transit operators. I think that this will make the Government face enormous hardship in governance.

The second problem reflecting the Government's poor ability in governance is the realignment of bus routes. Of course, we understand the difficulties involved. At present, it is very difficult to gain the endorsement of District

Councils (DCs) for the alignment of a certain bus route or the removal of two bus stops. This is actually the case. In the final analysis, the DCs are plagued with problems system-wise, right? A DC Member only needs to take care of the needs of 17 000 people. As the minimum number of votes a DC Member should secure is around 700 to 800, he is only required to take care of the refuse bin covers, manhole covers or bus stops, which are the concerns of those 700 to 800 people. Insofar as individual districts are concerned, the chances of DC members getting re-elected are not slim if they manage to deliver on these tasks properly. However, if the Government, various parties and groupings in the Legislative Council and various organizations in Hong Kong cannot sit down and seriously discuss which places are required to make a little bit of sacrifice and which places need to give up some of their interests, I cannot see how the realignment of bus routes can achieve any results. In this connection, the Democratic Party indicated to the Chief Executive during the discussion on the Policy Address that we are prepared to join any discussion on the problem. However, it seems that the Government is still unwilling to commit to this task by co-ordinating different political parties or organizations to discuss arrangements for the alignment of bus routes. If this situation persists, I cannot see how the Government can achieve obvious results in the realignment of bus routes.

President, the third transport problem relates to the cross-harbour tunnels. In this connection, we can also criticize the Government for having a poor degree of sensitivity in governance. Why would the SAR Government put the destiny of some major trunk roads in the hands of some consortia, and what is more, allow them to raise tunnel tolls arbitrarily? These consortia paid no attention at all to the Government's reports and raised tunnel tolls regardless. Worse still, they exploited different means to make the people feel at a loss. I have all along believed that should the Government refuse to demonstrate its acumen of governance and buy back the Western Harbour Crossing (WHC), it is simply impossible for these problems to be resolved. The Government is going to discuss the report on tunnels two weeks later. It is reported that the Government will buy back the Eastern Harbour Crossing (EHC). Of course, it would be the best solution if the Government can have the money needed to buy back the tunnel. However, I think that it is inadequate for the Government to buy back the EHC only. Without buying back the WHC, it would simply be impossible for the problem to be solved. I have also done some computations. Suppose I depart from Mong Kok, for instance. There is a difference of 12 km between driving to Hong Kong Island via the Cross Harbour Tunnel (CHT) and driving to

the Legislative Council via the EHC. Even if the computation is based on an ordinary vehicle rather than a hybrid vehicle, it would still cost \$1.5 per one km. So, I have to pay at least \$20 more. Hence if we wish to lure vehicles to use the EHC more frequently, the difference between the toll of the EHC and that of the CHT should at least be \$20 or so. Otherwise, it would simply be impossible to lure more vehicles to use the EHC, in order that congestion at the CHT can be eased. Of course, it would be best if the EHC is toll-free. If it is free, I believe more motorists would use the EHC, but then substantial government subsidy has to be made. In fact, I can advise the Government against considering buying back the EHC to ease congestion at the CHT, as this is simply impossible. Therefore, the Democratic Party proposes that the Government should at least buy back the WHC. So long as the WHC is not handed back to the Government, it is impossible for congestion at the CHT to be relieved. President, this is a major consideration because only through easing the traffic between Hong Kong Island and Kowloon can Hong Kong economy scale new heights. However, it seems that the Government merely focuses on a small sum of money, reluctant to talk. I think this is not justified.

President, after this debate on the Policy Address, the Government must regain its sensitivity in governance with respect to certain tasks of which the Government is now unable to control or tasks that people think the Government is on the verge of giving up, so that affairs affecting the lifeline of the people should be put back to our hands, to the hands of the Government, as well as to the Legislative Council for monitoring. Only in so doing can the task be accomplished. Thank you, President.

MR KAM NAI-WAI (in Cantonese): President, the Motion of Thanks is the subject of our discussion today, and also yesterday. When Dr LAM Tai-fai lambasted the Government yesterday over its industrial policy, I asked him whether he would support the Motion of Thanks. He told me that we should focus our attention on the entire Policy Address rather than a certain point. Although he was not satisfied with that point, he found the other parts of the Policy Address agreeable.

In fact, many Members have already spoken and expressed their views on different areas of the Policy Address, with the "My Home Purchase Plan" being a popular topic yesterday. This year, perhaps fewer Members would talk about

the Lehman Brothers issue, as it is thought that the matter is over. In this year's Policy Address, only one relevant remark is made, and it reads, "On investor protection, we will take forward proposals such as establishing a cross-sector investor education council and a financial dispute resolution scheme."

Is the Lehman Brothers incident really over? I have been requested by many victims of the Lehman Brothers incident to convey their grievances today. I would suggest Members begin by looking at the statistics published by the Hong Kong Monetary Authority (HKMA) on 8 July 2010 on the complaints lodged in relation to Lehman Brothers-related investment products. Let us look at the figures. The HKMA has completed the investigations of 5 351 complaint cases. Let me tell Members the number of cases which are found to be justified. I would also like to draw the attention of Dr LAM or the Secretary to the fact that preliminary disciplinary decisions have been made in respect of 2 789 complaint cases. In other words, of the 5 000-odd cases, the Authority is prepared to make preliminary disciplinary decisions for 2 700-odd cases. Actually, these complaint cases are already found justified. Otherwise, the Authority would not have made preliminary disciplinary decisions. Of these complaint cases, 52% are found to be justified, which means that decisions on disciplinary action will be made shortly.

What happened after the decisions on imminent disciplinary actions had been made? Shortly afterwards, the Securities and Futures Commission (SFC) and the HKMA announced that they had reached a settlement, so to speak, with the DBS Bank and some people would receive compensation. And then, these cases would be closed because, after compensation has been offered by the bank, no action will be taken even if cases of non-compliance are found. Is the system in Hong Kong really operating in this manner? No one will say anything after money is paid, as if no complaints have ever been lodged.

At a meeting held last Saturday by the Subcommittee set up to investigate the Lehman Brothers incident, I requested a CEO from a bank attending the hearing for such information. I will not disclose his name, but Members can find it out by examining the information. I asked the CEO whether he had found any violation in the 8 000-odd complaints received by his bank after the completion of the internal investigation conducted by his bank. His reply was in the negative. Could there be not a single case of violation in the 8 000-odd complaints? He was even speaking with great confidence. As settlements had

been reached with the payment of money, no wonder he could reply in that manner. Consequently, those complaints could be wiped out at one stroke. Neither would they be justified or dealt with any longer. Actually, they were considered to have never happened. Is it what the system in Hong Kong is like? Is there any way for justice to be done? Under the present system, can all the problems be resolved with payment of money? I would like to reiterate that the Democratic Party has all along hoped that a financial services ombudsman can be established. However, the Government is reluctant to heed our advice. Moreover, the Government thinks that the establishment of a financial dispute resolution scheme will already suffice. In my opinion, this is not worth encouraging.

Secondly, despite the large number of complaints received since September 2008, I can tell Members that if we examine the latest figures published by the HKMA, that is, the figures up to 21 October, we will find that 2 049 cases are still under investigation. Now these cases are considered closed, what about the outcome of the investigations? The victims of the 2 049 cases still do not have any idea if they can get back any money and what will happen in the end. Is our system really so poor? After two years of investigation, more than 2 000 people are still waiting. I hope the Secretary can urge the relevant departments and regulatory authorities to complete the investigations expeditiously and give the victims an explanation.

Thirdly, I must single out the SFC for criticism. Many of the figures cited by me just now were provided by the HKMA. Every month, the HKMA will publish its investigation figures on a regular basis for our inspection, comment and monitoring, though the HKMA still has inadequacies. The SFC, however, is absolutely a black-box operation, as we have not had the slightest idea of what it is doing. For instance, in a press release suddenly issued in December 2009, the SFC indicated that the Dah Sing Bank would offer compensation of up to 80% for cases relating to certain products. In July 2010, the SFC again indicated suddenly that the DBS Bank would offer 100% compensation to victims who had bought certain products. Not only were we unaware of the progress and process of the investigations, we also had not had the slightest idea of the reasons why the investigations could have achieved such results. There has been no news from the SFC save the announcements. Those victims feel that they are being treated very unfairly. For instance, why did the DBS Bank offer 100% compensation to buyers of a certain product, but the Bank of China did not offer any compensation

for buyers of the same product? The SFC has failed completely to answer this question. All this is a black-box operation. I hope the Secretary can urge the SFC to announce the progress of its investigations on a regular basis, so as to enable members of the public and the victims to monitor the overall progress. This is the third point I wish to raise.

On the Lehman Brothers incident, the last point I would like to raise is that the Secretary should not think that the matter has been settled. Today, Members can still find some victims at various banks in Central, though their number might have become smaller than before, as they have already fought very hard for the past two years. I am indeed greatly impressed by those victims who keep on fighting. In fact, the incident is not yet settled. This is particularly so for minibonds, which involve a relatively large quantity of bonds and a relatively large number of people. As these victims still have some collateral, some proceedings are still going on to fight for the collateral. What role is the Government actually playing? How can the Government help these victims and keep an eye on the proceedings over the fight for the collateral to ensure that the victims can strive for reasonable results? The Government should come forth and explain the situation to the victims. It must not think that the matter can be ignored because it has been settled. I hope the Secretary can respond to the points raised by me just now.

President, I would like to discuss the issue raised by me last year concerning the planning of a historic town district. When the issue was raised by me last year, President, I was holding in my hand an election leaflet used in my campaigning in 2008, expressing my hope that the Central District and Sheung Wan could be developed into a historic town district. I also expressed my hope of establishing a historic town district management council to manage the layout of the historical buildings in the entire District, with a view to achieving better results. But unfortunately, the Government has refused to take on board my proposal.

The Government has recently published a series of "Conserving Central" projects. Today, I am also holding a leaflet on the conservation of Central. The issue of "Conserving Central" has even become a topic of discussion in this Council lately. As Members are all aware, it has been our hope for the Government to reconsider whether the site of the West Wing on Government Hill should be sold to property developers. In an incident occurred this year, Wing

Lee Street was preserved by the Urban Renewal Authority (URA) because of a movie. The expression used by the Chairman of the URA at that time was "complete conservation", meaning that Wing Lee Street would be conserved in its entirety. This was the remark made by the Secretary after the Chairman had expressed his views, "Right. 'Complete conservation' is really warranted. We are in great support of the URA's proposal. He is not influenced by me; he has decided to do this because of his own awakening. He has my great support.", to this effect.

I hope the Secretary can explain to us later what is meant by "complete conservation". What does "complete conservation" mean? The Secretary considered it necessary to conserve Wing Lee Street in its entirety. So, does it mean that Government Hill does not need "complete conservation"? Why? Is it because no movie has ever been shot at Government Hill? If that is the case, I would like to invite the director — was it Ann HUI — no, it should be Mabel CHEUNG — to shoot a movie on Government Hill. The Saga of Government Hill. Can I do that? Making a movie might possibly solve all the problems. So long as the movie has scenes of a whistling Chief Executive and many people gathering there for a rally, the Secretary will be touched. As regards ways to move the Secretary, I believe, other than movies, there are many people who can move her, including the "force of the LI's family", as mentioned by Mr Paul CHAN just now. It is probably one of the ways to move the Secretary.

This is why I hope the Secretary can consider this. As I mentioned earlier, if the entire Government Hill is to be developed, I believe no members of the public would like to see the Government sell the places circled in red on the picture to property developers. I believe no one in Hong Kong would like to see the land belonging to them over the past century or so to be sold to property developers. This is the last thing we would like to see.

In addition to the feeling of the people, traffic in Central is indeed very congested. At the Panel on Economic Development, I explained why I requested the development of a historic town district. It was because the development of the entire Central District, including the police quarters on Hollywood Road, the Central Police Station and Graham Street, as well as the development of Wing Lee Street, as mentioned just now, is concentrated in the vicinity of Hollywood Road and Ice House Street. Should the authorities insist on developing these areas, we can hardly imagine what would become of Central,

given that traffic congestion has already brought it to the verge of paralysis. Therefore, insofar as conserving Central is concerned, I hope the Secretary can give some thought to the expression of "complete conservation" in his response later.

The last point I would like to raise, as also mentioned by some colleagues, is the redevelopment of old districts. Although I have put forward my viewpoint in the past, I hope to put this on record, so that the Secretary can respond to it later. The example I cited on the last occasion was Island Crest. However, Queen's Cube might have become more popular because of its poor sales recently. As for Island Crest, it is supposedly situated on First Street, which has along been considered as part of Sai Ying Pun. However, it is stated clearly in the sales brochures that the property is situated in Mid-Levels West. As a result, the residents living in the area are very pleased because Sai Ying Pun has suddenly become Mid-Levels West. Most importantly, the development was sold at \$12,000 per sq ft. At that time, not too many people commented on the price of the development, that is, \$12,000 per sq ft. I do not recall and have no idea of its sales situation now. Can the Secretary inform this Council later of the latest sales of Island Crest?

During the resumption of the Island Crest site, its price was set at \$3,137 per sq ft in terms of saleable area. In other words, the Government sold it to the developer at \$3,137 per sq ft in terms of saleable area. Now, the property developer is selling the property at a price of \$12,000 sq ft in terms of gross floor area. The same goes for Queen's Cube. The Chief Executive has recently commented that Queen's Cube had gone too far, and it was inadvisable to do so. Even Mrs LAM has changed her tone, saying that it is not right to do so, and a review has to be conducted. A review is indeed warranted.

Of course, I know that the Government's entire Urban Renewal Strategy Review is changing. For instance, the Government has proposed a "flat for flat" scheme. I cannot deny that this is some sort of improvement and progress. However, the problem can still not be resolved. If the Government continues to collaborate with private developers in this manner and resort to land resumption legislation to repossess properties and then allow a single developer to make as much money as possible, members of the public will not be convinced and will feel very angry.

For all these reasons, I hope the Secretary can consider the point raised by me, that is, sharing of profits. How can the Government share profits with residents affected by resumption for redevelopment if their properties have to be acquired and the profits made by a certain developer have already reached certain levels? I think the Secretary should consider this point. Besides residential buildings, I would like to point out that there is no way to resolve the issue of shop premises. Over the past two decades or so, I have found from the redevelopment work I have participated that it is very difficult for the issue of shop premises to be resolved. Perhaps sharing of profits is one of the solutions. I hope the Secretary can come up with more new ideas regarding the Urban Renewal Strategy.

I shall stop here, President. Thank you.

MR LEUNG KWOK-HUNG (in Cantonese): President, two years ago, when Donald TSANG was talking a lot of nonsense here, he mispronounced a word by pronouncing "冗長" (pronounced as jung2 tsoeng4, meaning "lengthy") as "hong1 tsoeng4", saying that there was a concept of "progressive development". Two years have passed and that concept of "progressive development" has disappeared. That rotten Policy Address of his is very, very long-winded and what is the title this year? It does not rhyme in any way and in Chinese, it reads, "民心我心、同舟共濟、繁榮共享". He did not even bother to make these four lines symmetrical, so you can see what a shoddy job he has done. On that day, when he was talking about his concept of "progressive development", I already cautioned him — I think I am really remarkable and I should go to the Wong Tai Sin Temple to interpret oracles — I said that he was "carrying out collusion between business and the Government, slipping into a bubble economy, promoting money politics, manifesting wealth disparity, as well as completely ignorant of universal suffrage" and that was what his concept of "progressive development" was about. This turned out to be really the case, even though only two years have passed.

I said that he was involved in the collusion between Government and business, and this is all very clear. The Government is earmarking land for property developers and its land reserve is only one fifth of what they have. They are "speculating on flour" every day, but the Government is still saying that it will tackle them through the triggering mechanism, so is there not something

amiss? Can the triggering mechanism stop them "speculating on flour"? "Good fighter" Secretary, of course, it cannot. They can join hands to even the Independent Commission Against Corruption (ICAC) almost wanted to arrest them. They have joined hands in pushing up the prices of "flour", then they sell the flour or bread in their hands.

It is very clear that we are "moving towards a bubble economy", is it not? Recently, a new level has been reached in "promoting money politics", right? It is also clear that it is "manifesting wealth disparity". Even LEUNG Chun-ying said that this had nothing to do with economic restructuring. For a decade, the number of poor people has been increasing, standing at the splendid level of 1.1 million people. There is no need to talk about being "completely ignorant of universal suffrage", since the Democratic Party has joined forces with him.

Where does the whole problem lie? This slogan is perhaps no longer useful. It is about defending the Diaoyu Islands, so let us forget about it. This is very simple. This Secretary of Department would rather sit outside to have a chat with those Members of the pro-establishment camp than to stay in this Chamber, so originally, I wanted to teach him a lesson. There are old folks out there, but he is not even willing to take a look, is he? President, this Secretary of Department has the same surname as yours and his name is TSANG what? (*A Member said it was TSANG Tak-sing*) No, it is not TSANG Tak-sing, it is John TSANG. There are too many people surnamed TSANG in this Chamber. He does not care about the living of old people. He is the Financial Secretary, but he is unwilling to build more homes for the elderly and now, he is targeting the homes for persons with disabilities and if the legislation is enacted, these homes will have to close. However, the Government does not care, and it is not buying any places. This person is now sitting out there, drinking coffee. I hope he would get a stomachache; I really do. I am so sincere in trying to locate him. Where is he sitting now? A person like him, and such a Secretary of Department, is useless.

President, I remember that I once made a remark that was corrected by you and it was a quotation of Chairman MAO's remarks. On that day, I said, "The masses are the real heroes, while we ourselves are often childish and ignorant." — this is not all — "and without this understanding, it is impossible to acquire even the most rudimentary knowledge.". Chairman MAO was conducting a survey and in rural areas study in 1941, buddy, and the war of resistance against the Japanese was going on. What kind of "the most rudimentary knowledge" do

you officials have? In paragraph 4 of the Policy Address, Donald TSANG said, and I quote, "..... livelihood issues are now the community's principal concerns" — it is true that a few surveys and studies have been conducted — "with housing, the wealth gap and elderly welfare drawing the greatest attention.". These three areas were mentioned by him and he said he had heard people's views. How is he going to tackle the property developers? He did not say anything about this, but came up with the My Home Purchase (MHP) Plan to deal with this matter perfunctorily.

President, land is fundamental to a country and land belongs to all the people. Without land, the country could not exist, so why has our land degenerated into a means of speculation for property developers to suck people's blood? This really is a huge problem. If a government, in governing society, is even incapable of dealing with land distribution, this will be the reason for its downfall. Chairman MAO organized the rural movement because peasants without land had to lease land. Today, of course, there is no village to speak of in Hong Kong, but all the people living in Hong Kong are exploited by landlords or major property developers — they are being fleeced rather than just being exploited — buy low, sell high or buy high, then sell even higher and that would do the trick. We have never heard of a society where the economic impetus has to be like this, in particular, given the fact that this SAR called Hong Kong is a city and there are few villages or towns. Rent-seeking with land has practically stymied all other possibilities in the economic development of Hong Kong and this also made Donald TSANG say himself that the general public he had to serve were all affected by rent-seeking activities, and as a result, everything had become more expensive.

President, I heard that the "good fighter" Secretary was involved in helping boat dwellers in his youth. At that time, boat dwellers opposed the Government's "forced removal" and that place was today's West Kowloon. In those days, the boat dwellers were bullied by the British-Hong Kong Government. They lost their homes and were displaced. This triggered an outcry for social justice and the British-Hong Kong Government went so far as to invoke the worst colonial law to arrest them on the ground of "illegal assembly". I wonder if you were arrested on that day. I know that you went there because someone told me about it. Now, you have become a Director of Bureau but it turned out that you are also bird of the same feather. No wonder they do not believe in educated people.

West Kowloon made Hong Kong pay a heavy price in the deforming of our harbour. We paid a heavy price to reclaim a piece of land for property developers to engage in speculation. When everything was screwed up, things were started anew and that was one of the reasons for the downfall of TUNG Chee-hwa. After Donald TSANG came to power, things are just the same. The Government wanted to build the Express Rail Link and it allowed a public railway corporation that had turned private to own that large stretch of land in order to carry out consistent development. What is this about? How possibly can the land not be expensive? Each major project creates large stretches of newly developed land, so that property developers can speculate on the "flour" and drive up its price, then speculate on the bread. What kind of administration is this?

Buddy, Secretaries and President, at present, over 89% of the people in Hong Kong are "mortgage slaves". Do you know why Abraham LINCOLN started the civil war? He explained that if, in a country, half of the people were slaves and half enjoyed freedom, it could not continue to exist. Our situation now is worse than that in the times of LINCOLN. Some 90% of the people are "mortgage slaves", but this Government still revels in this, employing a tactic called the MHP Plan to win people's hearts.

President, I once went to a land auction and that was practically a slaughterhouse. I saw property developers who were all grins, holding checks as if they were holding knives. It looked as though they were bidding for animals — Secretary, you know, alien animals — treating our most precious land and resources that should be owned and used by Hong Kong people for social development as their assets, so that they can hold sway on how much we eat and wear. Everything has to be borne by us because of the added cost resulting from the rent-seeking activities relating to land speculation.

President, I go to the fast-food restaurant called Canteen in Prince's Building for my meals — I wonder if you have been there — and the prices charged by it are much higher than the Canteen fast-food restaurants in other places. Why? Because the rent of Prince's Building is high and the land is expensive. Is each one of us a victim? The Government now says that it can do nothing and will not intervene in such matters. At the most, it will only offer the MHP Plan and a small volume of public housing to the public, but the supply of public housing is not enough. The reason for the proud achievement of public housing applicants being able to move into such housing in three years is

the tight lid kept by the Government on the income ceiling of public housing applicants all the time. For singleton applicants, a monthly income of \$8,000 would already exceed the upper limit. President, what can one do with \$8,000 in Hong Kong? If we spend \$3,000 on the rent of a cubicle, what can one do with the remaining \$5,000? Let us forget the expensive transport fares for the time being.

President, on this issue, today, some people in this Chamber would express their gratitude to the Chief Executive and some would express their gratitude to the Secretary, with smiles and all kinds of niceties. However, I really cannot bring myself to being nice. Do you know the hardship of the ordinary people out there? All of these were caused by the monopolization resulting from your system of small-circle elections — the land has to be monopolized and public utilities have to be monopolized and on top of that, a large heap of such organizations as the Trade Development Council were established to provide services to you. They have the power to formulate and implement policies, whereas the bills are footed by Hong Kong people. President, if this legislature cannot stop the collusion between the Government and major property developers and prevent them from fleecing the majority of Hong Kong people, what is the use of the legislature?

Just now, I cited the remark made by LINCOLN. In fact, it is because Martin Luther KING cited that remark that I came to know about it, since I did not study history and I only read about him. What did Martin Luther KING say? After his arrest by the white regime in the United States, he was imprisoned in Birmingham. He wrote a very long letter in response to the accusations that he should not foment trouble — just like the accusations made by the loyalist camp in Hong Kong nowadays. How did he respond? He said, "We will have to repent in this generation not merely for the hateful words and actions of the bad people" — and this is not all — "but for the appalling silence of the good people. Human progress never rolls in on wheels of inevitability."

At that time, in the United States, black people, accounting for 10% of the population, were subjected to unfair treatment. Only 10% of the population was but nowadays, 90% of the people in Hong Kong are being treated unfairly. Why do these 90% of people suffer? Because like the blacks in the United States in 1963, they cannot vote to kick out those useless officials and this Government that cosies up to the tycoons. Almost 50 years have passed since 1963 and the blacks in the United States now enjoy the right to universal suffrage, thanks to the

endeavours of people like Martin Luther KING, so they can now solve their social problems in better ways — if a person is not right, he has to go and if BUSH was not right, he had to be removed. However, in our political system, one vestige still remains today, that is, we must thank the Chief Executive before we can speak. President, have you ever seen such a thing? I read about this in the articles about history on the Mainland. First, one had to bow and scrape to the emperor before one could offer advice to him. Nowadays, in this legislature, many people lobby me to support their motions but it turns out that we have to thank the Chief Executive first. What do we have to thank him for? Is he not paid any salary? What do we have to thank him for? It is him who should thank us. If he were an elected Chief Executive, the first thing he has to say would be to thank everyone.

Members, the system in Hong Kong is rotten, and it has evolved from the concept of "progressive development" mentioned by Donald TSANG when he came to power — this concept of "progressive development" was subsequently dropped — to the hegemony of the property and finance sectors created by him single-handedly these days to serve the rich in Hong Kong, then to serve the capitalists from China. There is no need for us to wait for quantitative easing because China is already doing it. They have a lot of money and we do not have to learn about quantitative easing from OBAMA. We only have to wait for the money to come. However, we have to create an environment in which whatever can be monopolized can also be speculated on, as is the case of properties. In the central zone, nothing more could be speculated on, so compulsory sale was introduced. When it is no longer possible to do so in the central zone, they will move on to China to engage in speculation, for example, to the Loop. That useless area earmarked for environmental protection and mentioned by TUNG Chee-hwa is also a subject of speculation, and my voters are now subjected to oppression.

President, I wonder if the Secretary can see that every day, people are trying to secure the land adjacent to the Loop and the EcoPark by coercion and inducement, so is this not a tell-tale sign? If this Government is not rotten, no one would know that that piece of land is valuable. This corrupt system is already rotten to the core.

Despite all the spin, there is only one point in the Policy Address, and that is, if the Government is not allowed to exercise its public powers to let the rich continue to engage in rent-seeking activities or monopolistic activities, the Hong

Kong economy cannot see any development. This is the hypnosis cast on us by Donald TSANG and this group of Secretaries. We have waited for a long time. Ever since TUNG Chee-hwa came to power, all the Government's policy addresses have told the public to trust the Government, that it would do just to trust it, and that it would fix the economy with what the so-called "trickle down" effect.

President, you have been a Member of the Legislative Council for such a long time and you are now even the President. May I ask you to enlighten me if you have ever seen the figures on poverty fall? No, the figures are rising all the time. Are the prices of commodities that can be monopolized also on the increase? What kind of system is this? Secretary the Secretary of Department surely will not return, or else I will surely throw something at him, so he is lucky to get away quickly.

Secretary, please take a look at this thing. This is a golden ingot that I had wanted to take to the venue of auction and throw at them. Today, I am not going to throw it at you because you are a woman. I will not throw things at women. Why have things come to this pass? Hegemony by property developers and sky-high property prices. If construction companies were to use this kind of "golden bricks" to erect buildings, you would need the same number of golden ingots to buy the bricks. I am not kidding. Buddy, just do some computations about the floor area. At present, the price of gold is rising, but even if you have gold ingots, you still cannot buy this piece of golden brick, so what else can you say here? Do you know that the residual value and profits obtained from land will eventually all be passed onto the owners? People who have the least right to use land will always be the ones who are exploited the most. It is not me who say so, it is David RICARDO who did.

President, our former chairman is receiving treatment for his eye problem, so he just does not bother to look. I have no alternative but to continue to scold at the Government here. I only want to tell Honourable colleagues that it is absolutely unnecessary to thank them. In addition, I must warn the ruling regime that it must not think that with the Democratic Party cosying up to you on the constitutional reform issue, you can be assured majority backing in this legislature all the time.

President, I also wish to point out that delicate changes have occurred in this legislature. There is reason for the flippancy among the officials of the SAR

Government and the flippancy of the Chief Executive because a political party that used to struggle against them politically has been dragged into the pool. It can be dragged into the pool on such a major issue, so why can it not be dragged into the pool on others? This is the reason why so many Secretaries attended the banquet to wine and dine, why Joseph LAU Luen-hung wanted to provide a venue and why his son was asked to maintain order. I can tell the Bureau Directors that the Secretary of Department surely will not come back. Do not think that it would do to remain just like that. You have to be careful in your final two years. There are two more years to go in the reign of this Government. One must stick to the straight and narrow. "Good fighter" Secretary, if you cannot uphold public justice and cannot prevent property developers and property companies from preying on the Hong Kong public, there will surely be retribution for you. What kind of retribution? Do not worry, God may not punish you but history is written by the people. This corrupt regime of yours will surely fail miserably. Thank you, President.

MR LEUNG YIU-CHUNG (in Cantonese): President, before the Chief Executive drafted this year's Policy Address, the mass media had kept saying that the Chief Executive would turn his attention to issues of people's livelihood, since the constitutional reform proposals had been passed. In fact, after the Chief Executive released his Policy Address, we find that, as reported in the news media, the part on constitutional development accounts for only three paragraphs or so, while the great majority of the paragraphs are devoted to issues of people's livelihood. The news media believe that the main reason is the resolution of constitutional reform issues, as the outstanding issues will be left to the next Chief Executive and Legislative Council for further action. I do not agree with this point, nor do I agree with the Chief Executive's view because regardless of whether the constitutional reform proposal is passed or not, the Chief Executive once said that he hoped the constitutional system in Hong Kong could take a step forward. However, I think such a step cannot be found in the so-called the constitutional reform, rather, only the implementation of dual universal suffrage and the election of the Chief Executive, the Legislative Council and all other members of representative councils by Hong Kong people through "one person, one vote" can be considered real progress. Anyway, the Chief Executive has shown his attitude clearly to us. I can only express my regret over this but at the same time, I have to tell the Chief Executive that in the future, I will continue to campaign for dual universal suffrage with the groups and friends striving for

full-scale dual universal suffrage. I hope that dual universal suffrage can be implemented in Hong Kong at an early date and the public can have more opportunities of participation in the political system.

On issues of people's livelihood, we can see that this time around, the scope covered by the Chief Executive is very extensive. Apart from such hot topics as housing, the elderly and the problem of poverty, many major and minor issues, including those relating to small and medium enterprises and even pets, stray dogs and cats, are also raised in the Policy Address. This contrasts greatly with the other policy addresses of the Chief Executive. As many Honourable colleagues have pointed out, the difference lies in the excessive scope and as a result, this gives one an impression of skimming over the issues as each matter is only touched upon partially. However, President, precisely for this reason, I think the Government must consider one issue in its administration: Is it actually dealing with matters in a quantitative rather than qualitative approach? The theme of the Policy Address this year is "民心我心、同舟共濟、繁榮共享", while that of the English version is "Sharing Prosperity for a Caring Society". This may really be the public opinion heard by the Chief Executive in his visits to local communities, but the realistic problem is how to truly bring "sharing prosperity for a caring society" to fruition.

President, I hope very much that when dealing with problems, the Chief Executive will not simply look at matters from a quantitative perspective without considering issues of quality. President, I believe you will still remember that in the Chief Executive Question and Answer Session, some Honourable colleagues (in particular, Mr Frederick FUNG) questioned why the Chief Executive had not resumed the HOS. In fact, we all know that nowadays, on the resumption of the HOS, it can be said that a major difference exists between the Government and the public, so this is at odds with the suggestion of "民心我心", meaning sharing public sentiments, as stated in this Policy Address because the public are emphatic that the HOS should be resumed. I remember that a survey conducted by the Democratic Party indicates that over 70% of the public still insist on the resumption of the HOS, so I cannot see how this overarching principle of sharing public sentiments is valid.

Coming back to the Chief Executive Question and Answer Session on that occasion, when Mr Frederick FUNG demanded that he resume the HOS, the Chief Executive cited seven or eight reasons in support of the MHP Plan, but only

four or five reasons for resuming the HOS. President, I believe you will also understand that when we deal with an issue, what matters is not the number of reasons but where the actual problem lies. This is what matters the most. We all know that when we discuss the reasons for resuming the HOS, of course, we also agree with the Government's view that we should not encourage the public to acquire properties because such purchases definitely carry risks. In the past several decades, the sale and purchase of properties in Hong Kong have become some kind of a speculative activity with great risks and sometimes, one can really have one's fingers burnt. In particular, during the SARS outbreak in 2003, the problem of negative equity assets occurred, so we must guard against this. However, I think the Government has the responsibility to deal with two issues, namely building supply and the stability of property prices since they are also the most important issues. The stability of property prices is an important factor in our hope of owning a place to call our own, and the provision of residential units is also the responsibility of the Government as it serves to regulate market demand. Therefore, from whatever perspective, these two points are more important and warrant greater attention than the other reasons. Unfortunately, the Government is not looking at it from this perspective, and it only stresses all the time that it will not encourage the public to acquire properties. However, may I ask how, in this way, property prices can be stabilized and an appropriate number of flats be provided to meet public demand? It seems that the Government has not delivered anything on this front.

Even under the MHP Plan, only 1 000 units are available each year and according to the present plan, only 5 000 units will be available in the future, so what is its use? Does one mean that property prices can be stabilized with such a small number of units and that the prevailing public demand can be met? Obviously, this is not the justification. Yesterday, Mr Frederick FUNG also talked about the issue of quantity since the Chief Executive had raised it, and the latter did not come off worse, citing 10 advantages of resuming the HOS in one breath. Therefore, I really think that this is not the crux of this matter and it would be more meaningful to examine how the problem can be solved.

In fact, as we all know, housing is an important problem in Hong Kong, but the question remains that acquiring a property is not an urgent matter, rather, it can be accorded secondary importance. The most important thing is to provide suitable accommodation to the public and we all consider this more reasonable.

As we all know, nowadays, many people are still living in cubicles and the so-called cage homes and these are the problems we have to solve. The problem of cage homes has been an international laughing stock since the colonial era but, unfortunately, it has not been solved in any way. The same is true of cubicles, so why does the Government not consider how these problems can be solved? I have the impression that in the Policy Address this year, some issues were not raised at all, so I believe the Government has not made some problems that warrant urgent solution in society its focuses, and this is indeed most disappointing.

I believe that the problem that needs to be solved now is how the number of units built, in particular, the quantity of public housing, can be increased. Secretary Eva CHEUNG said that the goal of providing 15 000 public housing units each year would be adhered to, so that people with the need can apply for them. However, these 15 000 units are actually still a far cry from the number in the past because between 1998 and 2008 — sorry, it should be from 1998 to 2003 — the number of public housing units built each year was 24 000. President, it was 24 000 units but today, she only talked about 15 000 units, so there is a great gap between these two figures. The main reason is that in 2003, Secretary Michael SUEN introduced his nine measures and one of them reduced the number of public housing units. As a result, applicants have to keep waiting. Moreover, a measure considered as inhumane was also introduced, that is, a point system was established for single persons.

President, I believe you may also remember that last week, I raised this question but the Secretary went so far as to say that this system would not be reviewed. No review would be conducted. But there really are problems with this system. On the last occasion, I also said that under this system, it turned out that some people who had been waiting and were about to have their turn could be overtaken by others due to this special point scoring arrangement. However, the Government has turned a blind eye to this problem, paying no attention whatsoever. As a result, a group of young people waiting to move into public housing have to spend 10 or eight years doing so. But the Government does not think that there is any problem, so do Members find this society to be pathetic and cold? Why is consideration not given to this? This is practically an indefinite wait and the International Court of Human Rights has ruled that this is inhumane, but our Government has gone so far as to commit such inhumane acts. I really

hope that the Government will give this matter reconsideration and refrain from being so obstinate on this because young people also have the right to housing. Why do we neglect them altogether? Moreover, this problem is not confined to young people alone, rather, such a situation can also be found among single people and even middle-aged people. Why can we turn a blind eye to all of them? How can we neglect them altogether? Therefore, on the volume of public housing construction, I strongly demand that at least 20 000 units or more be completed each year for wait-listed applicants. Otherwise, even if they wait for a long period of time, they may still be unable to have their turn.

As regards the development of private residential buildings, we certainly understand why the Government has to impose restrictions on the construction of inflated buildings and require the MTRCL and the Urban Renewal Authority to build more small flats for sale to the middle-class people. However, President, I am somewhat worried. Why? Although the floor areas of the units to be put on sale are smaller, it does not mean that the price per square foot will be lower because if the speculative activities and this craze continue, even the price of small units can be very high.

Recently, a friend of mine bought a 700-square-foot unit but in fact, it is less than 500 sq ft in area, and yet its price is as high as \$4.5 million. That was only a small unit, but its price per sq ft is very high, so the problem is still not solved. That is only a hypocritical move. The Government says, "Build more small units and that would do, would it not?" However, doing so may not serve the purpose. If property prices are not stable and speculation is as rife as it is now, in the end, we can only sigh in disappointment because we practically cannot buy or afford them, so this measure will not help. We believe that rather, the most effective way is to resume the HOS because it can serve as a buffer, so that it is not just residents ineligible for public housing who can buy those flats, public housing residents can also buy HOS flats when their financial condition has improved, so this is a very desirable measure. Moreover, this has been the case in the past several decades. In this way, some units can be vacated, so that people with the need can move into them. This is to kill two birds with one stone, so why does the Government not consider this but came up with the MHP Plan instead? The MHP Plan may not be able to achieve its intended effect because no one knows how property prices would be like several years from now. This is the most important point. At the same time, the Government should

formulate strategies to clamp down on property speculation. Only in this way can property prices be stabilized.

Many members of the public have asked me why the Government does not consider imposing a heavy tax on people who buy a second unit, since they do not buy it for self-occupation but rather, for leasing and even speculation. Why is the stamp duty not increased? This would benefit the public coffers on the one hand and curb speculation on the other, so why does the Government not do so? Indeed, the Government has not raised the issues in this regard for discussion. For this reason, I believe the Government has not fulfilled two of its most important responsibilities, that is, as I said just now, first, to stabilize property prices and second, to supply a suitable number of flats for people with the need to buy and live in them. This is very important.

Apart from the housing problem, I also wish to talk about issues relating to transport. All along, the transport problem has been a matter of great concern to us. Although this time around, the Government says that it will extend the scope of its transport subsidy to cover all 18 districts in Hong Kong and we all welcome this, there are certainly also some criticisms in society pointing out that the transport subsidy has brought two drawbacks, one being that employers are subsidized, so they do not have to raise wages significantly; the other being that public transport companies will stand to benefit because not only is it unnecessary for them to reduce fares, they can even continue to raise fares because they have been subsidized. I think the Government has to pay attention to these two points. For this reason, this scheme is perhaps just temporary in nature and in the meantime, the Government must consider other options and examine how low-income people can cope with this problem. We believe one of the options is the provision of a supplement to low-income families, so that they can really enjoy a reasonable standard of living and do not have to worry about a decline in living standard as a result of other expenses.

Meanwhile, we also hope that the Government can really make some effort because last Wednesday, we passed a motion (that is, a question proposed by me for the ninth year) calling for half-fare concession for persons with disabilities taking public transport. I have really talked about this problem for many years and this is already the ninth year. Next year, it will be the tenth. As a popular saying goes, "How many decades can one live?" I wonder for how many years

more the Secretary wants us to discuss this problem before she would heed our views. The MTRCL is, comparatively speaking, better because after listening to the views voiced by us in the past eight and a half years, it now offers half-fare concessions. In that case, what about the other companies? I really do not know.

Therefore, President, I hope very much that the many Honourable colleagues seated here will continue to speak up to make the Government realize that this is a subject matter on which society has reached a very broad consensus. I hope the Government can really do more. In fact, it is not the true that I have deliberately created this new demand in Hong Kong. No. Secretary, if you can arrange for an opportunity for me to visit the Mainland — it is not possible for me to return to the Mainland — I would be able to see that public transport on the Mainland is free. I have been given to understand that it is free. Apart from the Mainland, this is also the case in Taiwan and many other places. In that case, why can we not do so? We keep talking about "people with different physical abilities" and that persons with disabilities should be encouraged to integrate into society, but in fact, we are not practising what we preach. The Government keeps telling us that this is a free market and that we cannot intervene in the determination of fares. However, strangely, this time, the Government has made tremendous progress, saying that from 2013 onwards, if bus companies do not make improvements to the emission of pollutants, certain conditions will be imposed on their franchises. Since the Government can take such measures in environmental protection, why can it not do the same in this regard? It really baffles me. Is it the case that action will be taken only on matters of great public concern because doing so can win kudos, whereas matters of lesser public concern can be ignored? Is the Government taking such an attitude? If this is the case, I really find it most regrettable. Each time, something would be done only when there is a great public outcry, but the problems that really exist are ignored. As in the issue of single people applying for public housing raised by me just now, since their voice is not loud enough, the Government is paying no heed. However, since the voice of people having difficulty in home ownership is louder, they must be heeded.

I remember Premier WEN once said he hoped that our society can be harmonious, and it is not just locally but with neighbouring countries that there should be harmony. However, it seems you are doing the opposite and do not

want social harmony. Instead, you want to have more noises, and you would be happy only if there is a lot of clamouring. In that case, I think Hong Kong's future development would not be desirable and it would not develop into a society where we can live in peace and work with contentment. Therefore, in this regard, I hope the Government will really make some effort to help those socially disadvantaged groups.

As regards transport improvements, recently, the Government released a study concerning the Cross Harbour Tunnel (CHT) and the Western Harbour Crossing (WHC). Subsequently, the mass media have been talking about something that I dislike greatly, that is, the toll of the CHT will be raised and that of the Eastern Harbour Crossing will be lowered. What good will this do? Can the problem be solved in this way? Having turned this matter over and over again, it now all boils down to sanctioning a toll increase, as in the case of the WHC, while the consortia can retain their grip on their monopoly.

The issue of whether or not the Government should buy back these public assets has all along been a hot topic among us. However, in fact, the sale of assets has only shown us that it has failed time and again, so I really hope that the Government will not consider selling our assets anymore. We can see the example of The Link REIT. It was not just the Government that was sorely hurt, in fact, the public were also hurt badly. All these are hard facts that cannot be denied and it was a total failure. We hope very much that the Government can really give this matter thorough consideration and adopt the approach of public-sector operation in handling public facilities and services as this would be better than privatization. Privatization will lead to many problems, one of them being the subcontracting that may follow privatization. Under subcontracting, workers totally lack protection and serious exploitation and oppression may arise. This kind of examples indeed abound, and we have also raised them many times in the meetings of other panels and opposed such practices, so I hope the Government can make improvements in this connection.

President, I so submit.

MR LAU KONG-WAH (in Cantonese): President, first of all, I agree very much with the views raised by Mr LEUNG Yiu-chung earlier, that is, persons with disabilities should be given more assistance in transport. This is a consensus

reached in this Council. As a matter of fact, the Government has proposed to set up a Community Care Fund. There are many social enterprises in our society which say that they hope to do something in return for society. We can also see that some corporations may have made huge amounts of profits, but where do they plough back their money earned? I think they should pay back society by using it on the transport subsidy for persons with disabilities so that they can integrate into society. I would think that this is a most appropriate action.

President, coming back to the housing issue. The issue of housing is the most important of all in this Policy Address. So the Chief Executive talked about this issue at great lengths. The Policy Address listed four major points in relation to the housing policy. First, it is hoped that in the long run, with respect to land supply, land for the building of 20 000 flats can become available in each of the next 10 years in the private sector; and there will be land enough to build 15 000 public rental housing units each year. This is in fact a demand which this Council has been raising for a number of years. The Government has met this demand on this occasion. Of course, when it comes to developing new land, I believe there may be difficulties lying ahead of us. Although we may agree to these numbers now, we need to do our best to co-operate, so that when new land is to be found, we can really identify some.

Second, about the introduction of the My Home Purchase (MHP) Plan. I would talk about my views on it in detail later on.

Third, it is the removal of the item of real estate from the investment asset classes under the Capital Investment Entrant Scheme. This also meets the aspirations of this Council and society. Of course, seen from the Government's perspective and evident in the figures, these capital investments by such entrants account for only a very small proportion of the real estate market. But we must not forget the psychological effect of anticipation in that if this is allowed to continue, the expected result would affect the property market. I think it is totally correct to remove it from the Scheme.

Lastly, there are some demands in society, hoping that some cash assistance can be given to people to buy their homes. But the Chief Executive said in response that this approach would not be taken. I think that this is correct, too, because if cash assistance is given, it may fuel demand.

President, both yesterday and today many Honourable colleagues raised the issue of the resumption of the production of HOS flats. We may continue to explore the issue. But the demand to resume the production of HOS flats does not mean that the MHP Plan should be rejected. Many Honourable colleagues used to criticize public officers for their lack of new thinking. I think that it is not fair to reject a new idea when it is introduced. Also, some Honourable colleagues have criticized this MHP Plan as totally worthless, but I think they may not have looked at the Plan comprehensively. In fact, the people I have met recently in the districts, especially young people who aspire to home ownership, are quite interested in that Plan.

The housing problem is certainly related to people's livelihood. But it can also be a political issue. The problem involves the interests of people from different classes and types. People who own flats may not like to see a sharp fall in property prices, whereas people who do not own a flat may want property prices to fall as soon as possible. Those who do not own a flat and those who do not want to buy a flat do not want to see any reduction in the supply of public rental housing flats. So it is quite difficult to gauge and collate the aspirations of these types of people and draw up a housing policy. And we must not look at the situation at one single juncture, at this period of time. If we can have a broader vision and look at the experience we have gained over this period of more than a decade, we will find that there were occasions when we produced a lot of flats, some people would worry that property prices would plunge. Such things did happen before. This may not turn out to be true, but that is what the people feel. But there were also times as in 2003 when we stopped the production of HOS flats and when land was in short supply, property prices rose greatly instead. And the people had the same feeling, too.

In view of that and as we review the developments of this period of more than a decade, an excessive expansion or contraction may not really be the best thing. But it is very difficult to do just the right thing and coincide with the economic cycle which may fluctuate sharply. This is a very tall order, and most complicated too. I do not think anyone can do it. Members may agree that it is possible to stabilize the supply, something we all agree. This is in my opinion a very important point stated in the Policy Address. I therefore agree completely with the policy direction in housing. The Government must be very careful and prudently intervene appropriately. This is an important direction, in my view.

With regard to future supply, I am sure that some other problems may crop up. These include reclamation and it may lead to conservation problems. And there may be resistance, too. If the buildings are built taller to supply more units, that will not work, for there is the problem of screen-like buildings. It would not do to find land in the New Territories, for there is the problem of conservation. So all kinds of problems may appear. The result is there would be obstruction in finding new land or in land supply. With respect to these problems, I would think that since we have got more than 10 years' of experience in this and looking ahead to the next decade or two, the Government should single out some difficulties and problems for discussion with the public. Members of the public know these matters and understand them, and they have experienced these matters. Every one of us here must have had the same experience, too. So with respect to these problems, they are not confined to the few points listed in the Policy Address. There is a need for the Secretary and may be also the Secretary for Development and such like officials to raise the problems in their entirety so that the public can discuss them earlier. The housing policy now is not the end and it will continue to brew and come under discussion in society.

President, on the question of using the MHP Plan to rein in property prices, I would think that this effect cannot be achieved. This is because many factors are involved in the issue of property prices. The Financial Secretary often makes this point, too. Property prices may be affected by many factors. Even if the production the HOS flats is resumed today, it does not mean that property prices will come down. This cannot be achieved. If it is said that with this MHP Plan, the young people will be able to buy a home at once, then this is also not possible. Having said that, resuming the production of HOS flats may take a longer time than implementing the MHP Plan. I think, and at least many people have said to me, that this Plan is flexible. I think it would be very popular if it is rolled out as soon as possible.

Will this Plan put the mind of the people at ease ("安心") as its Chinese name suggests? President, it depends not on whether or not property prices are high or low at the time of application, but rather when people really want to buy a flat. Why am I saying this? I have had the experience of seeing the sandwich class HOS flats built by the Hong Kong Housing Society (HKHS). At that time, many Members of this Council agreed to the idea. The Government exerted its best in promotion and the HKHS also did its best in building. But when the flats

were completed, property prices fell drastically. Given such circumstances, would you say that the scheme is a success or a failure? Would this depend entirely on property prices at that time? I do not think we should look at it in this way. But I have seen after the occupation of flats built by the HKHS, there are owners who find it difficult to service their mortgages even now.

I have a few comments to make on this MHP Plan. Some revisions may be made to it and the Secretary may do some follow-up work. First, in terms of the number, I would think that the 1 000 flats in the first batch are somewhat too small in number. If the Plan proves to be successful, I think that even 5 000 flats would not be enough and there is room for expansion.

The second point is about the eligibility criteria for application. President, now this Plan is supposed to target the group with an income ranges from some \$20,000 to \$40,000. The range is wide. Some people may find it a burden to service the mortgage while some may find it comfortable. So in designing these flats, there should be some difference in size to meet the varied needs and eligibility of different people. That would be better.

Third, the Secretary says that these flats should be "no-frills" flats. I agree with this idea. But what exactly does "no-frills" mean? I would think that despite being so, there should be quality and those young people who buy these flats should not be made to think that these flats lack in quality. Certainly, I am not saying that these buildings should be luxurious and there must be a swimming pool, and so on, but quality is very important. So "no-frills" flats of quality are what we would expect.

Lastly, I think that if this Plan can be rolled out despite all these, the best time should be the end of next year. I know that the Secretary is working hard on the Plan. If the Plan can be opened to applications starting from the end of next year, I would think that it is already very fast and those people who aspire to home ownership can have their dreams realized sooner.

President, I think the housing policy is still open to further discussion, but we should launch this MHP Plan. Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I will call upon public officers to speak. A total of six public officers will speak in this session. They may speak up to a total of 90 minutes.

FINANCIAL SECRETARY (in Cantonese): President, the Chief Executive suggested in the Policy Address that we must effectively leverage on the relatively robust economic recovery of Hong Kong to enable the public to share the fruits of prosperity. As the Financial Secretary, I will provide full support to the policy objectives set out by the Chief Executive in the economic aspect and public finance management, and exert my utmost to maintain the healthy development of the economy, with a view to enabling members of the general public to share the fruits of economic growth while making concerted efforts to create a harmonious and caring society.

Since the beginning of the year, the economy of Hong Kong has remained on track to full recovery at a brisk pace, recording a year-on-year growth of 7.2% in the first half of the year. Basically, we have fully recouped the loss from the economic downturn in 2009. In the third quarter, good momentum was maintained in external trade and consumption. The total retail sales in July and August increased at a year-on-year rate of 15.4%, with generally upbeat business confidence. I am confident that the economic growth this year will reach or even outperform the previous forecast of 5% to 6%.

During the financial tsunami, the Government was most concerned about the employment situation and in this connection, a series of measures aiming to preserve employment was introduced. I am glad to see that the employment situation has improved in tandem with economic recovery, with the unemployment rate substantially coming down from the peak of 5.5% in the middle of last year to the latest 4.2%.

Recently, the intention of enterprises to hire new hands has obviously strengthened, as shown by a rebound in the number of jobs and a steady rise in

wages. However, I must point out that following a persistent downtrend in the past year and with the unemployment rate coming down to this rather low level, the room for further reduction is diminishing. Having said that, I believe sustained economic growth and development is the most effective and the most fundamental way to improve people's employment and income. To this end, the Government will make continuous efforts to take forward the economy of Hong Kong.

The global financial turmoil has also pointed to a shift of the world's economic powers from the West to the East. While the economies of Europe and the United States are still struggling hard, the emerging markets in Asia, particularly Mainland China, have provided the major impetus to global economic growth.

The promising economic performance of Hong Kong since the beginning of the year has clearly reflected the strong resilience and adaptability of our market institutions, which enable us to keep up with the global development trend and seize the opportunities brought by robust regional economic development, thereby cushioning external impacts. Certainly, there is no room for complacency, and it is all the more necessary to speed up the economic integration with the Mainland, upgrade our competitiveness continuously, and further strengthen Hong Kong's position as an international finance, business and trade centre in the region.

Despite the vibrant overall economic performance, we still face many challenges, and there are concerns regarding both the external environment and internal development. This is why we absolutely cannot lower our guard. We must remain vigilant and be well-prepared at all times.

On external trade, merchandise exports rose by 23% year-on-year in real terms in the third quarter. However, as the momentum for recovery has failed to sustain in Europe and the United States recently, coupled with the problems resulted from the sovereign debt crisis in Europe, many European countries have to implement austerity measures of the largest scale since World War II, in an effort to improve their financial conditions. In this connection, the United States and European economies will grow at a slower pace in the remaining months of the year and even the next. This may possibly weaken the momentum of export in the Asian region which will pose a drag on our pace of growth.

The unemployment rate in Europe and the United States has remained on the high side at close to 10%. Protectionist sentiments have been escalating and there has been immense pressure for appreciation of Renminbi (RMB). Faced with their sluggish economies, the Central Banks of the United States and Japan are prepared to roll out a new round of "Quantitative Easing (QE)" monetary measures. This may be followed by continuous massive capital inflows into the Asian region for a period of time in future, which will intensify the risks of inflation, asset bubble, and financial market volatility. As a new round of "QE" is looming, chaos are likely to occur in the international financial market and also in the commodity and foreign exchange markets to the detriment of world trade. In view of this, uncertainties in the external environment will remain a focus of our attention for a period of time in future.

Recently, the US Dollar has dropped drastically, while the pressure for RMB appreciation has mounted. The Bank of Japan even intervened in the market some time ago, in an attempt to rein in the rising value of the Yen. Some countries have further adopted various measures to impose control on capital flows, and the mention of a so-called "currency war" has never ceased. Yet, I have to reiterate that the Government will maintain the Linked Exchange Rate system with unswerving determination. The proven Linked Exchange Rate system is the cornerstone for stabilizing the financial system of Hong Kong. The Government absolutely has no plan, nor do we consider it necessary, to make changes to this system.

The exchange rate of RMB is inextricably linked with the Hong Kong economy. I believe the Central Authorities will make ongoing efforts to steadily improve the RMB exchange rate formation mechanism under the principle of gradual and orderly progress, so as to pre-empt short-term drastic fluctuations of RMB. Between 2005 and 2008, the RMB exchange rate appreciated by more than 20% in an orderly manner. It has not created a huge pressure on inflation in Hong Kong, nor has it caused any significant impact on other aspects of the economy. While some companies may feel the pressure of an increase in cost, the overall economy has been coping with it quite well and there has not been any significant adverse impact.

In respect of the domestic sector, capital overflows and the prevalence of an exceptionally low interest for quite a long period of time will certainly

increase the risk of the property market bubble. The property market has continued to thrive since early 2009, marked by a cumulative increase of 47% in property prices since end-2008. Although such rate of increase reflects a rebound in property prices after a substantial downward adjustment during the financial tsunami, it is still rare indeed and the situation does warrant concern. The prices of large flats have been up by 10% than the peak in 1997, whereas the prices of small and medium flats are nevertheless 11% lower than the historical peak. Let me remind all small investors once again that when making investment decisions, they must carefully evaluate various types of risks, and they all the more should consider their affordability in loan repayment when the interest rate is back on a rising track. They must be advised against going beyond their means and to avoid making an investment rashly.

As property prices have risen at a rate higher than the increase in people's income, despite that the current interest rate is exceptionally low, the home purchase burden has surged from 32% in the fourth quarter of 2008 to 41% in the second quarter of 2010. Once the interest rate has rebounded to a relatively normal level, this percentage is set to further rise to be even closer to the 20-year average of 53%.

Property transactions have also been active. The number of sale and purchase agreements for residential flats stood at a monthly average of 11 520 in the first nine months of 2010, representing a considerable increase of 19% over the corresponding period last year.

Over the past year, there has been much public discussion on the property market in the community. I appreciate the public's concern about the risk of the property market bubble, and I all the more understand that the surge in property prices has made it difficult for some members of the public to achieve home ownership. We know clearly their needs and we will tackle the problem at root by formulating appropriate, moderate and timely measures to enable the property market to develop healthily and steadily.

In recent years, the supply of residential flats has remained on the low side. The annual average volume of production was only 8 000 units in the last two years and this is a reason explaining the continued surge in property prices. Moreover, as a number of economies have continuously adopted the "QE" policy,

resulting in massive inflows of hot money into Hong Kong, and as the interest rate has remained at an unprecedented low level, the property market has become even more vibrant.

Increasing the supply of flats is fundamental to ensuring the stable development of the property market. Preventing excessive borrowing is the key to reducing the risk of the property market bubble. Enhancing the regulation of sales in the primary market and preventing distortion of market information are essential to ensuring the fair and effective operation of the property market. A residential flat may be the most important investment of many people in their life. Drastic fluctuations in property prices will adversely affect the macro-economy and social stability.

There are now 840 000 households living in self-owned properties in the private sector. I believe they absolutely do not wish to see policies introduced by the Government lead to a substantial depreciation in the value of the most important investment they made in their life. In this connection, we must strike the right balance and make every effort to ensure that the policies are clear and stable, in order not to cause great fluctuations in the property market. We have adopted a gradual and orderly strategy, and we will keep a close watch on the property market. For every measure introduced by us, we will review its effectiveness and then assess the need to introduce further measures at the right time to ensure that the vigour of the policy is just appropriate.

As early as in February this year when I delivered the Budget, I already introduced the property market stabilization measures in this direction. Then in April and August, I adjusted the vigour of the policy in the light of the market conditions and introduced further measures. We understand that it takes time for these measures to be fully brought into play, but we have begun to see some positive responses in the market over the past few months.

The supply of residential flats in the next few years has been increased. Developers have also expressed a stronger desire to acquire land. In the current fiscal year, nine residential sites have been sold by public auction. The MTR Corporation Limited (MTRCL) and the Urban Renewal Authority (URA) have responded positively to the request made by the Government for launching their property development projects expeditiously. The medium-term production volume of residential flats has increased from 53 000 units estimated at the end of

last year to an estimate of 61 000 units at end-September this year. The Planning Department has also identified industrial and commercial/business sites measuring 30 hectares for rezoning as residential sites.

On the suppression of speculative activities, the number of "confirmor cases" accounted for 2.4% of the total number of transactions in the first nine months this year, which is lower than the 3% in 2009 and the long-term average of 3.5%. We will continue to closely monitor the speculative activities in the market to prevent excessive and overheated speculation which would jeopardize stability in the market. Resolute actions will definitely be taken where necessary.

With regard to mortgage loans, banks have tightened the loan-to-value ratio and lower the borrowers' debt servicing ratio in accordance with the guideline issued by the Hong Kong Monetary Authority in August 2010. After the implementation of these measures, the average loan-to-value ratio for new mortgage loans approved by banks has dropped from 61.4% in August to 58.6% in September.

However, in view of the imminent commencement of a new round of "QE" actions by advanced economies, abundant liquidity and an exceptionally low interest rate will persist for some time. It is under these circumstances that the Chief Executive announced in the Policy Address further measures to ensure the healthy and stable development of the property market.

In the long run, it is most imperative to ensure stable land supply in the real estate market. In the past decade, the average annual take-up rate of first-hand residential properties was 18 500 units. The Government has now set as a target of land supply to make available sites for developing an average of some 20 000 private residential flats annually in the next decade.

As instructed by the Chief Executive, a Steering Committee chaired by me will study and promote the work relating to housing land supply. In the short term, we will focus on the shortage of first-hand small and medium flats and in consultation with the URA and the MTRCL, we will endeavour to provide as many small and medium flats as possible under urban renewal projects and the West Rail property development project. The Government will adopt new thinking to review the existing land use and open up new sources of land to

expedite the provision of housing sites, with a view to ensuring stable and adequate supply of residential land. We will also examine how privately-owned land can be released more effectively for housing purposes and co-ordinate the work of various departments to enable issues relating to residential sites can be handled with priority.

We have noted that after some slight consolidation in August and September, the property market has recently become active again, recording an increase both in property prices and the number of transactions. We understand that the effect of various measures may not be seen instantly, but let me reassure the public that my colleagues from relevant Policy Bureaux and I myself will provide full support to the property market stabilization measures announced by the Chief Executive in the Policy Address. Efforts will be made to manage liquidity effectively, reduce possible excessive borrowing resulted from capital overflows and address the increase of asset prices, in order to maintain the stability of the macro-economy. We will continuously keep the situation in view and introduce further measures where necessary to ensure the stable and healthy development of the property market. Our determination in doing this is beyond doubt.

President, I wish to appeal to the public once again not to make investment decisions beyond their personal affordability because of transient fervent sentiments in the market. As the interest rate is already at an exceptionally low level, an upward adjustment is the only possibility in the future, and it is impossible for property prices to rise infinitely. Once the interest rate rebounds and major adjustments appear in the property market, small investors will have to bear enormous financial losses. We have experienced the impact of the bursting of asset bubble on society and the economy before. We all should learn a lesson from history.

Under the shadow that the global capital overflow may lead to a disaster, the US Dollar has significantly dropped recently, while the prices of food, energy and other commodities have pointed to a rising trend. Coupled with signs of an increase in inflation in the Asian region, we will be facing higher imported inflation. As local rental and wages will rise in tandem with an economic pick-up, the inflationary pressure will also mount accordingly.

In the first nine months of this year, the underlying consumer price inflation was 1.4% on average, which is still mild, but the pressure of price increase has been mounting gradually and such rise may become even more significant next year. In view of mounting pressure for appreciation of RMB recently, coupled with the rather rapid spiral of food prices in the Mainland which is Hong Kong's major food supplier, the prices of food in Hong Kong will inevitably be affected. I will closely monitor the situation of inflation, particularly the impact of inflation on low-income earners.

Hong Kong is a small open economy which is externally-oriented. This has put us in a relatively passive position in counteracting and controlling inflation. That said, from the medium-to-long-term perspective, the inflationary pressure can be partially eased by continuously upgrading productivity and optimizing the use of resources. To this end, we have consistently stressed the importance of investing in education and training talents, and we have all along been committed to promoting the upgrading and restructuring of industries in Hong Kong. The objective is to improve the productivity of manpower resources and enhance the efficiency of resource utilization. Moreover, in the next few years, we will continue to vigorously invest in infrastructure. The completion of major infrastructure will boost the overall economic capacity and operational efficiency. These efforts are conducive to economic development and to reducing the risk of worsening inflation in the medium-to-long term.

President, the Government has since 2008 introduced five rounds of fiscal measures to stimulate the economy at a total cost of HK\$110 billion, which is equivalent to 6.6% of the Gross Domestic Product. These relief measures have achieved certain results in stabilizing the job market, fostering consumer confidence and consolidating economic recovery, thereby mitigating the impact of the global financial crisis on Hong Kong.

Following the further consolidation of economic recovery in Hong Kong, the unemployment rate has dropped to an all-time low since end-2008. We have to make appropriate adjustments to the extraordinary measures, because extraordinary measures are suitable only in extraordinary times. In this connection, I think in the management of government finance, we should redirect our efforts to maintaining sound conditions in government finance in the medium-to-long term so that, notwithstanding all the uncertainties, we will have adequate abilities to meet various challenges in the medium-to-long term, which

include overcoming the effects of population ageing, improving the living of low-income earners in the community and effectively responding to repeated global economic downturns. The recent sovereign debt crisis in Europe has resulted in the implementation of austerity measures by various countries. This has precisely reminded us that maintaining a sound fiscal position in the Government is of paramount importance.

President, Hong Kong has stepped out of the shadow of the financial tsunami, but we absolutely cannot be over-optimistic. On the one hand, the external economic environment is still full of uncertainties and we must remain vigilant at all times. On the other hand, we must, as in the past, continuously plan and take forward the long-term economic development of Hong Kong, with a view to creating for the public a society where they can live in peace and work with contentment, get along with one another harmoniously, give play to their creativity, and pursue their dreams.

During the financial tsunami, we did not lose sight of the needs of the long-term development of Hong Kong. The Government will keep on striving for continuous improvement and working with unswerving determination, in order to develop Hong Kong into a high-value-added and diversified knowledge-based economy. We will put in extra efforts on all fronts, including forging more in-depth regional co-operation, investing in infrastructure, strengthening the four pillar industries, developing the six industries where Hong Kong enjoys clear advantages, training talents, opening up new markets, and stepping up environmental protection and cultural and creative work, with a view to developing Hong Kong into the most spectacular cosmopolitan city in Asia.

With these remarks, President, I urge Members to support this year's Policy Address.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I wish to thank Members for speaking on the policies and initiatives under "Developing the Infrastructure for Economic Growth" in the Policy Address. I will now make a response with respect to the policy areas under the purview of the Commerce and Economic Development Bureau.

Commerce and industry are the economic pillars of Hong Kong, and the sustainable development of enterprises is directly related to the development of the Hong Kong economy. It is the established policy of the SAR Government to provide appropriate support and a favourable business environment to the industry. Initiatives to support industry and commerce must be implemented in an ongoing manner and modified in the light of prevailing circumstances by taking unusual measures in unusual times. In the midst of the financial tsunami, the SAR Government rolled out a host of measures within a very short time to help small and medium enterprises (SMEs) in the commercial and industrial sectors tide over the difficult times. The significant results achieved by the two loan guarantee schemes are evident to all. As at mid-October, a total of some 39 000 applications, involving loans totalling nearly \$98 billion, have been approved under these schemes, and they have benefitted more than 20 000 enterprises and helped preserve over 330 000 jobs.

With the stabilization of bank credit facilities and the continued strong recovery of the Hong Kong economy, the Special Loan Guarantee Scheme (SpGS) introduced in response to the financial tsunami has accomplished its historical mission. While the application period of the SpGS will expire at the end of December, the SME Loan Guarantee Scheme (SGS), which has been rendering assistance to the commercial and industrial sectors, will continue to provide appropriate support to SMEs. In response to the needs of the industry, changes have been made to the SGS since its introduction in 2001 with respect to the usage of loans, the guarantee ceiling, the maximum guarantee period and the total loan guarantee commitment, providing enhanced support to SMEs and giving enterprises greater flexibility in using the loans.

To further demonstrate that the Government attaches great importance to the needs of SMEs in developing their business and enhancing their competitiveness, we will submit an application to the Legislative Council Finance Committee next year to inject an additional \$1 billion into the SME Export Marketing Fund (EMF) and the the SME Development Fund for application by SMEs. If enterprises can seize the opportunity and formulate strategies to leverage on the national strategies for economic development and policy of boosting domestic demand, abundant business opportunities will be available in the huge Mainland market. Here, I welcome and encourage the organization of more business matching activities and trade fairs by the Hong Kong Trade Development Council and the industry as platforms for Hong Kong-owned

enterprises to tap the Mainland domestic market. We will also explore with the Mainland authorities complementary measures to promote domestic sale.

Next, I wish to respond to Members' views on tourism. The tourism industry, being one of the four economic pillars of Hong Kong, has contributed to the Hong Kong economy not only in terms of its share in our Gross Domestic Product, but more importantly in terms of the economic benefits it has brought to employment and the catering, transport, hotel and retail industries. Therefore, we will continue to make every effort to promote Hong Kong's position as a premier travel destination and attract more tourists from the Mainland and overseas. Apart from upholding the hospitality culture, we must also maintain the confidence of tourists in the tourism industry of Hong Kong. A few days ago, the Travel Industry Council of Hong Kong (TIC) put forth a number of proposals to the Government on enhancing the regulation of inbound Mainland tour groups precisely to resolve problems arising from the fact that some local travel agents receive Mainland tourists at a fee lower than the costs of the service rendered. We support these proposals and hope that the TIC will finalize the details expeditiously to enable their early implementation. In the coming year, we will continue to step up promotion in the Mainland and emerging markets and organize a series of mega events, including the Wine and Dine Festival, which will be kicked off at the West Kowloon Waterfront Promenade this evening.

As stated in the Policy Address, I will commence a review on the operation and regulatory framework of the tourism industry as a whole. The scope of the review will cover the role, powers, responsibilities and operation of the TIC, as well as its working relationship with the Travel Agents Registry. I will carefully consider the views expressed by various stakeholders and members of the community in order to put in place arrangements which can best facilitate the healthy development of the tourism industry.

Finally, I wish to respond to the issue of information and communications technology (ICT) development raised by a number of Members and Mrs Regina IP's concern about the efforts made by the SAR Government in technology and innovation. In recent years, Hong Kong has achieved very good results in ICT development and application and received high ratings in reports released by a number of international research institutes and world-renowned organizations. Hong Kong was ranked seventh in the world and first in Asia in information and technology development in 2010 by the world-renowned Economist Intelligence

Unit. This has consolidated Hong Kong's status as an international digital city. However, we will not be complacent. Quite the contrary, we will continue to strive to facilitate the implementation of each action area in the Digital 21 Strategy, including the District Cyber Centres scheme, the dedicated portal for the elderly, the programme to help primary and secondary students from low-income families acquire computers and Internet access, planning for the next generation of the GovWiFi programme, upholding the Government's information security policies and practices, promoting Hong Kong as a data centre hub and adopting the cloud computing model.

Regarding innovation and technology, the Vice Minister of the Ministry of Science and Technology and I co-chaired the fifth meeting of the Mainland-Hong Kong Science and Technology Co-operation Committee just yesterday morning to explore ways to reinforce Mainland/Hong Kong science and technology co-operation on all fronts and at national, provincial and municipal levels to complement the preparation of the National 12th Five-Year Plan on science and technology development. To promote mutual collaboration among government, industry, academia and research institutes, we specifically invited the representatives of six universities and various research and development (R&D) institutes in Hong Kong to the meeting. Perhaps not many people are aware that more and more science and technology personnel, R&D institutes and academics in Hong Kong have participated in national R&D programmes, and 12 Hong Kong laboratories have been granted approval as Partner State Key Laboratories (SKLs), which is more than the number of SKLs in many provinces and municipalities in the Mainland. Like ICT, innovation and technology may also enable businesses to create wealth. We have to engage not only in R&D but also in innovation and application. Resources allocated by the Government to promote R&D, including the Innovation and Technology Fund managed by the Innovation and Technology Commission, will continue to serve their purposes. The Research and Development Cash Rebate Scheme will also continue to serve as an incentive for enterprises to engage in more investments in this respect. President, there is no short-cut to technology and innovation, and we will continue to make efforts to promote technological development, social advancement and economic growth.

With these remarks, President, I urge Members to support the original motion.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, first of all, I wish to thank Members for their valuable views on how best the competitiveness of Hong Kong as a global financial centre of China can be enhanced in the wake of the financial tsunami. The financial industry is one of the four traditional pillar industries of Hong Kong. We must grasp the opportunity arising from the change in global financial landscape caused by the financial tsunami and the internationalization of Renminbi (RMB) to further consolidate Hong Kong's status as an international financial centre of China. Apart from positioning as an international capital formation centre, offshore RMB business and asset management will also be our major initiatives in promoting the development of our financial industry in the coming year.

All along, Hong Kong has been an effective testing ground for the Mainland's financial market reforms. The Mainland's schemes to regionalize and internationalize RMB and the increased convertibility of the Mainland's capital account have presented us a historical opportunity. We have the necessary conditions to further leverage on our existing edges to promote the offshore circulation of RMB to complement the Mainland's policy, thereby acquiring more room for developing RMB business in Hong Kong.

Actually, the Government has for years made a lot of effort to prepare for launching RMB business in Hong Kong. Certainly, with the implementation of some recent policies, it can be said that the RMB business in Hong Kong has achieved a breakthrough in the past few months. Following the expansion of the cross-border RMB trade settlement pilot scheme in June this year and the signing of a revised Settlement Agreement on the Clearing of RMB Businesses with the Bank of China (Hong Kong) Limited in July this year, Hong Kong has become the major platform for trade settlement in RMB, and financial institutions in Hong Kong have also acquired more room at the policy level to launch RMB products, thus enabling Hong Kong to gradually assume the role of an offshore RMB market.

The Chief Executive mentioned in the Policy Address that we have to further develop the RMB business in Hong Kong and drew up four short-term goals. These four goals can facilitate the circular flows of funds between the "offshore" RMB market in Hong Kong and the "onshore" market in the Mainland, thereby facilitating the internationalization of RMB.

First of all, we will actively strive to expand channels for enterprises to invest in the Mainland RMB capital raised in Hong Kong. In August this year, the People's Bank of China announced that clearing banks for RMB business and participating banks in Hong Kong may invest in the Mainland's interbank bond market, which has provided an important channel for the flow of RMB funds back to Hong Kong. The SAR Government and the relevant regulatory bodies will continue to make efforts to explore with the relevant Mainland authorities other channels, including direct investment and investment in securities.

Second, we think the banking sector of Hong Kong should make use of its Mainland and international networks to actively promote to its clients cross-border RMB trade settlement and financing services, so that more foreign enterprises will open RMB accounts with banks in Hong Kong, thereby attracting offshore RMB funds to the Hong Kong market and expanding Hong Kong's pool of RMB funds. In August, RMB deposits in Hong Kong have grown by about RMB 30 billion yuan. With the growth in the amount of RMB deposits and the total volume of RMB trade settlement transactions, a more efficient local interbank RMB market will be formed in Hong Kong. Our next task is to gradually develop a closer link between the local and the Mainland interbank markets.

Third, following the formation of the pool of funds, more diversified RMB investment products are needed to increase the appeal of holding RMB funds, which will in turn attract more offshore enterprises to conduct trade settlement in RMB. Therefore, we will encourage more Mainland, Hong Kong and foreign enterprises to issue RMB bonds in Hong Kong. So far, a total of 18 RMB bond issuances have been conducted in Hong Kong, involving a total amount of over RMB 47 billion yuan. Regarding RMB investment products, a number of banks and financial institutions have, one after another, launched different types of RMB financial products, such as RMB certificates of deposit, RMB structured products and insurance products.

The fourth goal is to strengthen the linkage between products traded on the stock exchanges of Hong Kong and the Mainland by promoting the development of RMB-denominated and RMB asset-backed products and the raising of capital through listing in Hong Kong. The RMB funds raised in Hong Kong may be

used for investment in the Mainland market through investment quotas or other controlled means.

The future development of the offshore RMB financial market in Hong Kong hinges on, on the one hand, the Mainland's policy on the circulation and use of RMB outside the Mainland, and on the other, whether the banks and financial sector of Hong Kong can leverage on the room made available to Hong Kong under the State policy to actively promote and offer RMB financial intermediary activities to their clients. The SAR Government will, in collaboration with the relevant regulatory bodies in Hong Kong, continue to strive to liaise with the relevant Mainland authorities to seek more room at the policy level for the circular flows of RMB funds. I hope the industry will give us full support in further developing the RMB business in Hong Kong.

As Hong Kong is a global financial centre of China, asset management is vitally important. Over the past few years, the development of the asset management business in Hong Kong has been evident to all. As at the end of last year, the combined assets of the fund management business of Hong Kong exceeded US\$1,000 billion, representing an increase of 45% compared with 2008. The continual development of the asset management business is mainly attributed to the increasingly globalized economy and the shift of economic gravity more to the East in the wake of the financial tsunami. Therefore, this financial crisis has created not only great challenges but also many business opportunities.

Asset management is a highly competitive industry in the international arena. Despite our competitive advantages, we face the competition from traditional asset management centres. A lot of work still needs to be done, and thus we will not underestimate this challenge. We will adopt a multi-pronged approach and strive to improve our market quality, facilitate market development and step up overseas promotion to enhance the competitiveness of the asset management industry in Hong Kong.

The financial infrastructure of many international financial centres has been severely battered by the financial tsunami, and the regulatory measures implemented have led to greater volatility in their policies. On the contrary, the stability and consistency of our regulatory policy is conducive to the development

of a financial centre. Besides, we must press ahead with key investor protection initiatives, such as enhancing risk disclosure and investor education and providing better safety nets. We strongly believe that only a quality and transparent market which attaches importance to investor protection will be able to progress with the times. Continuously attracting and anchoring local and overseas investors is crucial to the sustainable development of our asset management market.

Besides, we attach equal importance to market development initiatives to foster a business-friendly environment for the asset management industry. Apart from the development of RMB business I mentioned just now, which has definitely brought new opportunities to the asset management industry of Hong Kong, we also plan to introduce the Companies Bill into the Legislative Council in early 2011 to provide a modern legal basis needed by Hong Kong as an international business and financial centre in the 21st century. As for the development of our bond market, we will continue to implement the Government Bond Programme.

All these advantages and initiatives require and warrant further publicity. The Government will continue to lead financial services delegations to the Mainland and other markets to promote the financial services of Hong Kong.

The 12th Five-Year Plan recently endorsed supports Hong Kong' consolidation and enhancement of its status as an international centre for financial services, trade and shipping. Presented with these opportunities, we must grasp them and leverage on our unique advantages to enhance our competitiveness, thereby developing Hong Kong into a centre for offshore RMB business and asset management. In order to take the development of our financial industry to new heights, the Government, regulatory bodies and the industry must co-operate with each other. We will continue to work closely with the relevant stakeholders and make concerted efforts to dovetail with the overall economic development of our nation and facilitate the sustainable development of the local financial industry.

With these remarks, I hope Members will support the Policy Address.

Thank you.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, the theme of this debate session is "Developing the Infrastructure for Economic Growth". I will follow your instruction and focus my response to Members on the work of the Development Bureau in developing the infrastructure for economic growth, which is basically related to infrastructural development and land supply. As for the issues of quality building design, urban renewal, building safety or the law on compulsory land sale, which Dr Margaret NG has discussed to great lengths, I will respond to them in the next session.

Actually, although the focus of this session is on infrastructural development, only a few Members have spoken on it. According to my record, it seems that only Dr Raymond HO and Mr CHEUNG Hok-ming have talked on it, and Prof Patrick LAU has specifically talked about the design aspect. This is understandable because compared with the time when this debate was held in the first and second year of this term of the Government, infrastructural development has already made very satisfactory progress. I remember when I was attending the debate in this Council in 2007-2008, I felt as if I was a defaulting debtor being pursued. Members, including those representing the trade unions, kept asking me where the average annual commitment of some \$29 billion on infrastructural spending had gone. In the past two years, however, we can see that the SAR Government has made great efforts to promote infrastructural development through different bureaux and departments. With these efforts, our infrastructural spending has increased from \$20 billion in 2007-2008 to \$49.6 billion in this financial year. The Financial Secretary has already given notice that our infrastructural spending will be maintained at the level of \$50 billion or even more in the next few years.

The growth in infrastructural spending was very timely. After the Chief Executive had made the relevant announcement in 2007, we experienced the financial tsunami in late 2008, and the construction industry was the first to bear the brunt. However, with our timely infrastructural spending, I am glad to report to Members that the unemployment rate of our construction industry has continued to drop significantly from the peak of 12.8% back then to 6.6% in the last quarter. Although it is still slightly higher than the overall unemployment rate of 4.2%, as Dr HO said, the prospect is promising. Recently, Members may have heard that there is improvement in construction workers' wage level, which is a welcoming sign to Members representing the trade unions.

Dr HO reminded us not to focus solely on the 10 major infrastructure projects because the industry hopes that the infrastructural development and infrastructural spending of Hong Kong will remain stable to serve the best interest of the industry and workers. Actually, over the past few years, we did not only implement the 10 major infrastructure projects. Apart from the 10 major infrastructure projects, we have also implemented infrastructure projects under other quality city schemes, many of which are readily noticeable by Members every day. President, you may also notice that water mains works are in progress on many roads, and there are also major flood protection works, and slope management and greening works. Members have also approved a wide range of projects, such as the Harbour Area Treatment Scheme Stage 2A, the development of a hospital on Lantau Island and an indoor velodrome in Tseung Kwan O and the expansion of the Ko Shan Theatre. Apart from major projects, Members have kept reminding us that minor works are more conducive to job creation. Therefore, the funding allocation for minor works has also been maintained at a very high level, with the funding allocated this year being over \$8.5 billion.

Two Members, namely Dr HO and Mr CHEUNG Hok-ming, enquired about the progress of the Liantang Boundary Control Point (BCP) because this BCP in the east is crucial to our connection with Shenzhen or our co-operation with the eastern region of the Mainland. Here, I also wish to brief Members on the progress. Following the agreement executed between Hong Kong and Shenzhen to implement this project in full force and the setting up of a task force for this purpose in September 2008, the project is basically on schedule with satisfactory progress. Preparatory work has commenced, and such work includes conducting studies on the scale of the cross-boundary clearance arrangements and the timetable of the project and the commissioning of some cross-boundary projects to the Shenzhen authorities. Regarding the jointly-organized international competition on the concept design of the clearance building, we have reached a consensus that the first clearance building design competition jointly organized by Hong Kong and Shenzhen will be launched later. In organizing the competition, I will definitely be mindful of the aspects requiring extra caution that Prof LAU reminded us of. At present, we expect the relevant BCP project to commence in 2013 and we will make every effort to facilitate its commissioning in 2018.

Apart from the infrastructure projects in progress, Dr HO also reminded us that we should work on the so-called "post-10 major" infrastructure projects.

Actually, we can see them coming. What are the major infrastructure projects in the pipeline? One will have some ideas by looking at our existing planning and some joint planning and engineering studies. These projects include the "Three-in-one" North East New Territories development comprising Kwu Tung North, Fan Ling North and Ping Che/Ta Kwu Ling — Mr CHEUNG Hok-ming has enquired about it and hoped that it would be expedited. The second stage public engagement has been completed and the public and the Legislative Council will be consulted in due course. Public engagement in respect of the recommended outline development plan of this "Three-in-one" development area will be completed by the end of 2011, then funding approval will be sought and the works projects will be launched.

Another major planning study is on Hung Shui Kiu. Earlier, the Hung Shui Kiu study was put on hold pending the conclusions of the study on the Hong Kong-Shenzhen Western Express Line. Here, I wish to tell Members that we will launch a study in August next year on the new development area in Hung Shui Kiu, which is expected to accommodate a population of 160 000.

Another project which will be launched by the end of next year is the remaining development in Tung Chung. As the planning of the Hong Kong-Zhuhai-Macao Bridge has been completed, and the Hong Kong International Airport will finish its Master Plan 2030 later, it is about time we launch the remaining development in Tung Chung. Besides, to increase land supply, we will conduct major planning studies in respect of the three quarry sites at Anderson Road, Lam Tei and Lamma Island. To demonstrate our commitment to exploring new land resources, we are conducting a study, which will be completed soon, on how to make the best use of underground space and caverns in Hong Kong, and I visited Oslo in Norway for this purpose.

Among these initiatives, the most important one is certainly housing land supply, which Members hope materialized. As the Development Bureau will fully support the Steering Committee on Housing Land Supply chaired by the Financial Secretary, I will give a detailed response to Members' questions in this regard.

In recent years, private housing supply has remained relatively low. The Chief Executive mentioned in the Policy Address this year that we face a number of challenges in land development in recent years. Mr LAU Kong-wah said that

there are "some barriers", but I would not say that we are met with "barriers" or "resistance" or "opposition voices". Rather, these are the challenges we have to face together. President, you may also agree that when a city has developed to such a stage, members of the public may have different aspirations for it. In recent years, therefore, there have been voices against reclamation in the Victoria Harbour and screen-like buildings and appeals for heritage conservation and historical preservation, which are all understandable. Therefore, we must face these challenges together to prevent them from hindering the provision of housing land supply. Hence, we have done a lot of work on the planning procedure and public engagement, but there is no guarantee that all challenges and difficulties will be resolved. I believe when we explore further land resources at the next stage, we will face a new host of challenges.

Actually, some Members have already tendered me reminders. For example, Mr CHEUNG Hok-ming said development and conservation should be dealt with separately, and the interest of rural land owners is an important issue. Mr Albert HO reminded me that if the policy on rehousing and *ex gratia* payment for squatters is not properly dealt with, a lot of difficulties will emerge at the next stage. In a couple of recent cases, we encountered great difficulties in implementing the policy on rehousing and *ex gratia* payment for squatters put in place in 1982. Therefore, I must point out here that squatter huts did not involve property ownership and land ownership, and they were only recognized by the Government out of tolerance back then. Therefore, if it is considered that the policy on squatters may be further improved, I am willing to examine it. However, I think it is not really acceptable to say that adopting the policy on squatters in making *ex gratia* payment nowadays is robbing people of their assets.

Certainly, the small house policy mentioned by Miss Tanya CHAN is among this host of challenges and difficulties, and it is also a challenge at the next stage. Yet, I will not evade these challenges, whether because I have to get my job done or because we have to have a sense of mission both as a person and as a government official, as Mr Chim Pui-chung said. In the days to come, I hope to discuss them with Members publicly.

Regarding the section on housing land supply in the Chief Executive's Policy Address, many Members have placed the focus on the figure of 20 000. The Chief Executive hopes to make available land for 20 000 private residential flats on average in each of the next 10 years. Since Mr James TO's conspiracy

theory sounded so convincing, I have to make a clarification here. As the enforcement official of this section, this figure of 20 000, as the Chief Executive said, is not a fixed target for residential flat production, and neither is it a "ceiling" for me in enforcing the housing land supply policy. This time, the Chief Executive has sent out an important message with regard to housing land supply, which is that we will build up a land reserve to ensure sufficient land supply, in the hope of keeping property prices stable.

Therefore, I believe if I can carry out these tasks smoothly and explore new land resources under the Steering Committee on Housing Land Supply chaired by the Financial Secretary, land reserve built up some years later may be sufficient for building 20 000 private residential flats or even more on average. I believe this will not make the Chief Executive unhappy. Quite the contrary, he may even welcome our effort in this regard. After all, building up a land reserve will enhance the Government's capability to make emergency responses in the light of changes in the market.

When it comes to emergency responses, the Chief Executive also mentioned this time, by reiterating the remark made by the Financial Secretary during the announcement of the Budget this year, that although we will still be using the Application List system as the main axle, the Government has also initiated land sale arrangements to make land available to the market. To date, three sites were sold by government-initiated land sale arrangements, and we will make sites available to the market as required in the future.

However, if we adopt the approach proposed by Mr LEE Wing-tat, that is, putting the land reserve in the market whenever it is sufficient for building 20 000 private residential flats, I am afraid it is not a proactive move, but a move to dominate the market, which will in turn cause adverse effects. I am afraid the SAR Government will be held accountable for the undesirable consequences by then. Therefore, I hope Members will feel that we have already made every possible effort with regard to housing land supply.

As for the information Mr LEE Wing-tat wished to obtain, actually, we have already made information on land supply highly transparent in recent years. We have also explained that the land supply for building 20 000 private residential flats will come from a number of sources, including Government land

to be disposed of, land tenders carried out by the MTR Corporation Limited (MTRCL) and the Urban Renewal Authority (URA), as well as lease modifications and land exchanges initiated by private developers or private redevelopment projects not subject to lease modifications or land exchanges. The Government's influence certainly varies in these three areas, but it may actually adopt approaches geared towards this goal in each of these areas to increase land supply. For example, it may improve our replanning. Recently, we have converted 30 industrial and commercial/business sites for residential use. Besides, we will enhance the co-ordination among departments, so that some private development projects can be launched onto the market earlier; and we will also adopt streamlined procedures in lease modification and land premium negotiation. We will report the progress of these initiatives to the Steering Committee in the future.

Afterall, however, land is limited in Hong Kong. With a land area of 1 100 sq km, we choose to implement high-level developments with focused and high development density. Actually, President, many people admire this mode of development. In recent years, I have had a lot of opportunities of visiting places outside Hong Kong and receiving visitors from abroad. They were very surprised that such a large green area in Hong Kong can be reserved for enjoyment by the public and tourists. However, this has brought a great challenge because it is certainly no easy feat to carry out further development in this some 20% to 30% of land. It is not a simple process to turn raw land into "formed sites", that is, sites which are ready to be put to the market; and then turn them into "developed sites" through government-initiated land sale arrangement or development projects carried out by developers. Therefore, we will not underestimate the difficulty of our tasks ahead. In sum, we will work hard towards the goal set by the Chief Executive.

In this regard, the Financial Secretary has just said that we hope to apply new thinking in exploring new land resources. Therefore, the Chief Executive mentioned reclamation outside the Victoria Harbour in the Policy Address, which is a crucial and major issue. Dr Priscilla LEUNG reminded us that we should do a good job in protecting the environment. Therefore, I think the best way is to engage the public in discussion, as Mr LAU Kong-wah said. As land supply is limited but demand is very high, we have to make balanced considerations. Besides, Ms Cyd HO asked whether there is room for redeveloping any

government facilities which are vacant or not properly utilized in terms of plot ratio, or even public housing sites. We will examine this issue. However, Mr Vincent FANG's proposal of converting industrial buildings into residential flats will involve some difficulties. Not that we do not want to do so, but it seems that it is hard to come up with any solution in town planning and quality living environment.

Here, allow me to give a response to Mr WONG Ting-kwong's query of whether we have not taken any follow-up actions on the initiatives to revitalize industrial buildings, as we have not mentioned anything about them since their implementation in October last year. It is far from the truth. Actually, after making the announcement in October last year, we have been busy carrying out work to revitalize industrial buildings. The relevant policy was officially implemented on 1 April this year, and a dedicated team was set up under the Lands Department to centrally process applications for redevelopment or conversion of entire industrial buildings by adopting a streamlined procedure.

So far, we have received a total of 29 applications, among which five have been approved and the others are being processed, rather than refused. Among the five applications for revitalization, four of them are applications for conversion while one is an application for redevelopment. We specifically noticed that regarding the conversion of entire industrial buildings, as expected, over half of the applicants are not real estate developers but owners with industrial background. I believe Dr LAM Tai-fai may know some of them. This was the original intention of this policy. In formulating this policy, we hoped that it would enable industrialists who had made contribution to the manufacturing industry of Hong Kong in the past to give play to the potential of their "half-deserted" industrial buildings through a policy which is beneficial to society. It is against this background that this policy was formulated. Applications for conversion of entire industrial buildings mainly concern converting these buildings for general commercial uses, including uses as offices, food establishments and retailing shops. They will provide venues for the provision of various direct services, conducive to the development of the so-called six priority industries mentioned by the Chief Executive.

Mr WONG Ting-kwong specifically mentioned that there was some "obstruction", by which he meant that the conversion of industrial buildings is

unable to comply with the car parking space arrangements under the Hong Kong Planning Standards and Guidelines. Actually, this problem has largely been resolved. In devising this initiative, we agreed that this problem would arise because the number of private car parking spaces in office and commercial buildings is generally quadruple that in industrial buildings. Therefore, it is basically impossible for a converted industrial building to satisfy the requirement of providing four times the original car parking spaces. After discussion with the Transport and Housing Bureau and the Transport Department (TD), we have formulated a set of guidelines requiring that the industrial buildings under application must at least meet the minimum requirement of providing loading/unloading facilities. As for private car parking spaces, it would suffice as long as applicants can prove that they have exercised due diligence in providing car parking spaces by using the space in the industrial buildings originally designated as car parking spaces. However, if they are unable to satisfy the relevant requirement after exercising due diligence, and as long as they can satisfy the specified conditions set out in the guidelines, the TD is ready to accept a lower standard for car parking spaces. These conditions include first, major public transport services are available within 500 m of the relevant industrial building; second, the site is not located at prominent illegal parking black spots; and third, surplus car parking spaces are available in the proximity of the relevant site.

Actually, I have already said that the four industrial buildings granted permission for conversion are unable to comply with the standards, and two of the industrial buildings with permission for conversion of the entire buildings have also obtained the consent of the TD even though they can only provide loading/unloading facilities but not car parking spaces due to site constraints. Therefore, this will not pose any difficulty to the conversion of entire industrial buildings, and I hope Mr WONG can rest assured about it.

We can also notice another merit of this initiative. Apart from the number of lease modification applications received by the Lands Department (LandsD), something is also happening in town planning. Although applicants do not have to obtain permission from the Town Planning Board (TPB) for converting their industrial buildings in business/commercial sites for uses under Column 1 "Uses always permitted", some owners may wish to convert their industrial buildings for uses under Column 2. Therefore, as at the end of September this year, that is, less than one year after the Chief Executive proposed revitalizing industrial

buildings in the policy address last year, the TPB has received a total of 13 planning applications for converting entire industrial buildings, which is a significant increase compared with three similar applications received during the five years before the initiative of revitalizing industrial buildings was proposed. Therefore, after owners have obtained planning permission, I believe the number of applications for lease modifications received by the LandsD will increase. No matter how, we have three years to deal with the revitalization of industrial buildings.

Finally, in the course of implementing this initiative and during this debate, we have heard some Members ask whether measures can be further improved to revitalize industrial buildings. I have taken on board this view, and that is why I have advanced the timing of the review. Instead of conducting the review one and a half years after the implementation of the initiative as originally planned, that is, at the end of next year, a review will be conducted at the end of this year. I have already got a few proposals, including those put forth by our architects, which will enable us to better utilize industrial buildings. I am glad to discuss with Members any other views they may have on other occasions.

With these remarks, President, I implore Members to support the Policy Address this year. Thank you, President.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): To start with, President, I am very grateful to Honourable Members for expressing their views on the transport and housing policies in the Policy Address. I will give a consolidated reply to several issues.

As stated by the Secretary for Development just now, we have made some progress in infrastructure. The past year has seen the commencement of works on the main body of the Hong Kong-Zhuhai-Macao Bridge and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the gazettal of the South Island Line East. We will also strive to gazette the Shatin to Central Link before the end of this year.

During the debate, several Members expressed their hope that the Government can further consolidate Hong Kong' status as an international aviation, shipping and logistics hub in the region. We will also continue to take forward measures for the sustainable development of our logistics industry and

the maintenance of Hong Kong's status as an international shipping centre, so as to ensure Hong Kong's leading position in the global supply chain.

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

As for the issue of the three harbour crossings, we will introduce the recommendations made in the consultancy report to the Legislative Council expeditiously and embark on public consultation.

On housing, let me begin with the progress of the steering committee set up by the Transport and Housing Bureau, as announced in the Policy Address, to discuss specific issues on regulating the sale of first-hand flats. The steering committee, which was established on 20 October, is chaired by the Bureau and its membership comprises representatives of a number of relevant professional bodies, Members of the Legislative Council, individuals, and representatives of relevant government departments. The steering committee will hold discussions on matters such as the scope of the legislation, the key features to be regulated, the enforcement mechanism, penalties, and so on. Three subcommittees will be formed under the steering committee to hold detailed discussions on property information and show flats; sales arrangements and practices; and the enforcement mechanism and penalties. The steering committee will come up with practicable recommendations within a year. We hope to conduct consultation on the recommendations in the form of a White Bill in order to expedite the public consultation and legislative process. The Government is determined to do a good job of the legislative exercise. Nowadays, there is a popular saying of "field of force" in the community. However, I cannot see any "field of force" impeding our effort.

Quite a number of Honourable Members have raised the "housing" issue. Deputy President, public housing is one of the most important cornerstones for social stability in Hong Kong. The Chief Executive has reiterated in the Policy Address his pledge to maintain the waiting time at three years for public rental housing (PRH).

Members have also expressed their views on the subject of the Home Ownership Scheme (HOS). We understand that the HOS has along been a subsidized housing scheme relatively familiar to members of the public. The

underlying reason for their proposal of resuming the construction of HOS flats is their hope that flats affordable to them can be made available in the market to enable them to purchase their first homes, or even opportunities of gradual upgrading. We appreciate these concerns and aspirations. We also consider that the Government has a role to play in subsidizing people who are capable of making mortgage repayments in the long run. The subsidized housing scheme we have decided to re-activate is actually moving towards the same goal, too. Members might ask this question: Should we follow the conventional HOS arrangement or adapt and adjust it before we can effectively address the aspirations of the people in need of subsidy to acquire their properties? I believe no one will object to us suitably adjusting our past practices.

Conventionally, the proportion of Green Forms is higher compared to that of White Forms, with PRH residents being the major beneficiaries. So far, the ratio has been maintained at 8:2 (with PRH households accounting for 80% and other people 20%) as the basis for allocating HOS flats. We have seen from the response to the earlier sale of surplus HOS flats that the proportion of other applicants is higher. During the consultation, a larger number of people also proposed that assistance should be given to sandwich class households. Therefore, we think that a larger proportion of the quota under the new scheme should be given to applicants who are not PRH households. However, a small proportion will still be allocated to PRH tenants, so as to retain the channel through which conventional HOS flats can enable Green Form applicants to turn from PRH tenants to owners of their first homes. Furthermore, we will set aside a certain quota specifically for singletons. This is different from conventional practices.

As for income and asset limits, in the latest phase, that is, Phase 6, of the sale of surplus HOS flats for instance, the family income and asset limits are set at \$27,000 and \$530,000 respectively, compared to the average family income and asset limits of \$23,300 and \$643,300 respectively over the past six phases. During the consultation period, a higher number of people proposed that assistance be given to the sandwich class in acquiring properties or first-time home buyers, but targeting those people capable of making mortgage repayments in the long run and requiring only a little bit of assistance from the Government before they can purchase their first flat. This is why the previous limits must be adjusted. Our idea is to raise the family income limit to \$39,000 and adjust the asset limit to \$600,000. Furthermore, there are many views that assistance should be given specifically to first-time home buyers, such as people who have

not acquired any properties during a certain period. Therefore, the requirement concerning this under the new plan will be more stringent than the former 24-month arrangement.

As for the form of subsidy, discounts are offered in the sale of conventional HOS flats, but payment of premium will be required at resale of HOS flats. The fact that there is no requirement for payment of premium, as in the case of conventional HOS flats, under the new plan can help people trade their first flat for a flat in a different district or a larger flat, so that they can move upward in a more flexible manner.

Some people worry that increases in income cannot catch up with rises in property prices. Even though they can afford the monthly mortgage repayments, they will still encounter hardship in raising down payment for property purchases. Meanwhile, the Government has also been reminded by public opinion not to do a disservice despite its good intentions and to guard against people making a wrong decision in purchasing their first flat or purchasing their first flat beyond their means because they are anxious to get the subsidy. We hope to allow the participants to rent the flats under the plan and build up savings with peace of mind in stable circumstances whereby the tenancy will last five years and the rent will remain unchanged. Coupled with the fact that they can still receive home purchase subsidy within two years after the termination of tenancy, they will have ample time to consider, proceed in a step-by-step manner and make their decision on whether or not to purchase properties in the light of their own pace and financial situation.

On the institution for implementing the plan, conventional HOS flats were built by the Housing Authority (HA). The new plan will be taken charge of by the Hong Kong Housing Society (HKHS). Given its rich experience in tenancy and implementing pilot new subsidy schemes, I believe the HKHS can implement the new plan in a more flexible and better manner, whereas the HA can concentrate its attention on serving PRH tenants.

The new plan provides quality and "no-frills" flats combining the practical effectiveness of conventional HOS flats and the characteristics of private properties, which are more suited to the requirements of the sandwich class in home ownership, thereby providing the people with one more option in the private housing market. Furthermore, a sufficient buffer period will be provided to allow home purchasers to build up savings and choose the best opportunities

for "purchasing their first flat" rather than entering the market hastily or regretting the purchase in future.

Having regard to the adjustments and adaptations discussed and pinpointing the present difficulties encountered by members of the public in "purchasing their first flat", we will launch a new plan, namely the My Home Purchase (MHP) Plan, in collaboration with the HKHS in the direction of "receiving assistance and achieving self-reliance, proceeding in a step-by-step manner, achieving a flexible buffer" in assisting members of the public in purchasing properties.

Some Members hold the view that the number of flats made available under the MHP Plan is like a drop in the bucket, and in terms of the time required, it is like using distant water to put out a fire nearby. Therefore, they want us to build more flats and expedite the construction process in order to satisfy the needs of the public in home ownership. The Government has earmarked sites in Tsing Yi, Diamond Hill, Sha Tin, Tai Po, Tuen Mun and other areas for a total of some 5 000 flats to be built under the Plan. The first development project will take place on Tsing Yi. It is expected that applications for advance lease can be accepted in 2012 and about 1 000 flats will be provided by 2014. We are currently studying with the HKHS the feasibility of expediting this timetable. If the public response turns out to be satisfactory, the Government will consider identifying more sites. We will launch flats under the MHP Plan expeditiously. However, Members must also understand that the implementation of a home purchase scheme through the provision of completed flats require a certain period of time for preparations and construction. After all, housing is built by bricks and mortar. Any other plans will also encounter the same situation.

As for Members' allusion to "distant water will not put out a fire nearby", thus expressing the hope that the Plan can influence or stabilize property prices, I must emphasize that the Plan is a channel for subsidizing members of the public to purchase their own homes rather than a measure for curbing property prices. It is generally believed by members of the public, academics, Members of the Legislative Council and commentators in society that the right cure must be administered through the supply of flats. The Chief Executive has already given an account on this in the Policy Address.

I am very grateful to Members for putting forward some proposals to enhance the MHP Plan. But still, we will carefully consider, for instance, whether the proposals will involve double benefits in housing subsidy, and public money must be used with prudence, too. Meanwhile, as the flats purchased under the MHP Plan will no longer be new, coupled with the fact that they are "no-frills" flats, their prices cannot be assessed on the basis of normal market prices. In fact, a further buffer has already been built into it. Some Members asked whether the people would be able to build up enough savings for down payment during the said period of time. I would like to point out that — because I have heard the assumptions made by Members in making calculations — this Plan is intended to help people who have already made preparations for home purchase, built up savings for their decision, and made plans to complete their home purchase arrangements in a step-by-step manner. I have heard some Members cite examples of people building up savings from scratch, but these might not reflect the reality.

Some Members have proposed allowing people with White Form status to purchase second-hand HOS flats in the HOS secondary market without the need to pay premium. At present, the HOS secondary market allows participation by PRH tenants and Green Form applicants on the Waiting List with a view to providing them with a channel to acquire their own homes, thereby releasing more PRH flats for allocation to people in genuine need. Allowing White Form applicants to purchase second-hand HOS flats is tantamount to using public money to subsidize more people to acquire properties. We must consider whether the relevant proposal can really help people in genuine need of home ownership and, whether the problem of fairness is involved, for instance, which categories of people should receive this sort of assistance, and so on. Furthermore, consideration should also be given to whether the supply can effectively match the demand of HOS flats. I do not mean that there is no need for studies. Instead, studies must be conducted carefully.

Some Members have suggested that the Government should provide different options for people to "purchase their first homes". I agree with this. In particular, secondary subsidized flats can actually become an important source of supply of affordable small and medium flats. Of the more than 320 000 HOS flats currently available, about 65 000 are premium-paid, which means that they can be sold freely in the open market. The remaining 255 000 HOS flats are

premium-not-paid, which means that they can be sold only in the secondary market. After the payment of premium, these flats can be sold in the open market. As 70% of these HOS flats are situated in urban areas and extended urban areas, facilitating the turnover of these flats can help increase the supply of small and medium low-priced flats to satisfy the needs of some people for home ownership.

To this end, the HA has proposed several measures, including:

- (1) provision of premium loan guarantee by the Hong Kong Mortgage Corporation to facilitate HOS owners in making premium payments and allow payment of premium loans in instalment. The relevant scheme was already launched in mid-September this year;
- (2) streamlining administrative arrangements, enhancing publicity, and shortening the time taken for applying for certificates required for the transactions of HOS flats and assessing premiums; and
- (3) extension of the mortgage default guarantee period by the HA from 25 years to 30 years. It is believed this can help prospective buyers to negotiate better mortgage terms with financial institutions. The extension is expected to take effect in December.

The Tenants Purchase Scheme (TPS) mentioned by Members was launched in early 1998 to help the Government achieve the policy objective laid down at that time, that is, the objective of enabling 70% of the households in Hong Kong to purchase their own homes within 10 years, as outlined in the 1997 Policy Address. Subsequent to a full review of the Government's housing policy in 2002, the objective of achieving the home ownership ratio no longer exists. Therefore, there are no more justifications for continuing to implement the TPS. In fact, since the launch of the TPS, some problems with housing estate management have become complicated. Furthermore, recovering PRH flats is an important source of supply of public housing. Selling PRH flats to PRH tenants will affect the supply of PRH flats and the target set by the Government and the HA to achieve a three-year waiting period for allocation of PRH flats. This is why the Government will not consider resuming the TPS for the time being.

In fact, the TPS currently covers 39 housing estates, and more than 60 000 flats under the TPS are still not sold. Tenants living in these flats can still purchase the flats. Furthermore, PRH tenants and members of the public can also purchase secondary flats under the TPS in the HOS secondary market or private market.

Lastly, Deputy President, I would like to say a few words on the so-called "theory of home purchase brings happiness". The Government has all along maintained that home purchase is a personal decision, and one should act according to his own ability. During a sincere dialogue with a group of students, I emphasized that this subsidy plan launched by the Government was not meant to curb property prices. Neither is it used to advocate the "theory of home purchase brings happiness". Happiness is determined by personal preferences. Nevertheless, home purchase will naturally bring responsibilities. It is also a long-term commitment. I believe Members will understand this point. Deputy President, transport and housing are closely related to people's livelihood. I will continue to work closely with the Transport and Housing Bureau and Honourable Members on these issues. Thank you, Deputy President. I implore Members to support the Policy Address.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Deputy President, the theme of this session of the debate is on "developing the infrastructure for economic growth". I would like to make use of this opportunity to give an account to this Council on the latest situation in Mainland affairs and work in relation to Taiwan.

First of all, with respect to planning for the National Twelfth Five-Year Plan (12th FYP), a large number of Members have presented their views. These Members include Mr Andrew LEUNG, Mrs Regina IP, Dr Philip WONG and Dr Samson TAM. Work in relation to planning under the 12th FYP actually began in 2007 when the Chief Executive stated in the policy address of that year that great importance would be attached to it. Over the past two or three years, the SAR Government and the National Development and Reform Commission (NDRC) plus other ministries and committees of the Central Authorities have built up a working relationship. I have led teams from my Bureau as well as representatives from other Policy Bureaux to Beijing and exchanged views with

the NDRC. We have also invited representatives from the NDRC and other ministries and committees of the Central Authorities to Hong Kong to take part in seminars to facilitate an exchange of views between them and our related departments and units. Compared with the National Eleventh Five-Year Plan (11th FYP), on this occasion work done on the part of the SAR Government in line with efforts made by the Mainland and the Central Authorities in promoting planning for five years has begun early. During the planning for the 11th FYP, we can see that the Central Authorities made it clear that support would be given to developing Hong Kong into an international financial, trading and shipping centre. Work on planning under the 12th FYP is underway. We believe that by March next year when the official document on planning under the 12th FYP is finalized during the plenary session of the National People's Congress and the Chinese People's Political Consultative Conference, more details would be disclosed with respect to Hong Kong. We also hope that, based on such new planning under the 12th FYP, the room for Hong Kong's development on the Mainland will be expanded.

Generally speaking, we have proposed three directions of development to the NDRC and the related departments of the Central Authorities. First, we hope that the Central Government can continue to lend its support to and work towards upgrading Hong Kong's status as an international financial, trading and shipping centre. Second, based on the Mainland/Hong Kong Closer Economic Partnership Agreement (CEPA) entered into seven years ago in 2003 between the SAR and the Central Authorities, it is believed that service industries, especially professional services, from Hong Kong can further open up the Mainland market for development there. We would expect that the industries can radiate from the market of the 7 million people in Hong Kong to the market of 50 million people in the Pearl River Delta (PRD), then onwards to the Pan-PRD encompassing a huge market of over 400 million people. Third, owing to the good foundation laid and achievements made between the Hong Kong SAR and the Guangdong Provincial Government in respect of Guangdong/Hong Kong collaboration over the past decade or so, plus the fact that we have signed the Framework Agreement on Guangdong/Hong Kong Cooperation, we therefore suggested to the related departments in the Central Authorities that we hoped to incorporate the major principles in respect of the division of labour between Guangdong and Hong Kong into the planning under the 12th FYP. This would, for example, include work in collaborative partnership between Hong Kong and Guangdong in promoting the PRD into a world-class new economic region. Another example

is, as we have referred to in the Framework Agreement, that Hong Kong should take up the leadership role in developing financial services in the PRD. We hope that in the planning under the 12th FYP, such principles of division of labour will be duly reflected.

On the subject of regional co-operation, the most important of all in our regional co-operation is the co-operation between Guangdong and Hong Kong. At the beginning of last year, the State Council released the Outline of the Plan for the Reform and Development of the Pearl River Delta (Outline). It is based on the Outline that we entered into the Framework Agreement with Guangdong. As a matter of fact, the Framework Agreement is only the first episode and there are more episodes to follow, such as building a Quality Living Area to facilitate the transformation of the region into a greener economic entity with greater sustainable development under the partnership of Guangdong and Hong Kong. The third episode is the specialized planning on infrastructure construction. Within Hong Kong we will undertake the 10 major infrastructural projects, some of which are cross-boundary — such as the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail, and so on. These projects have already commenced.

Then I hope to respond to the issue of Qianhai development mentioned by Mr WONG Ting-kwong and Mr Paul CHAN. In August this year, the State Council gave its in-principle approval to the Overall Development Plan on Hong Kong/Shenzhen Co-operation on Modern Service Industries in Qianhai Area. The SAR Government holds the following stand on the development of the Qianhai Area. It has been 30 years since the reform and opening up of China, so from 1978 to the present, many coastal places and inland provinces and regions have almost completed their industrialization process. The industries in Hong Kong, particularly the manufacturing sector, have taken part extensively in that process. Then what are the important tasks in the next stage of reform and opening? It has come to our notice that we should develop the service industries, including the professional services, on the Mainland. So we hope that the Central Government can lend its support to the Guangdong Provincial Government and the Shenzhen Municipal Government in developing the financial service industry and professional services in Qianhai. Hong Kong has a special advantage in these two fields. As far as I know, an announcement will soon be made on the further direction of development. Mr Paul CHAN mentioned in

particular the subject of taxation and we know that the Shenzhen Municipal Government is giving active thoughts to measures like tax concessions.

Lastly, Mr WONG Ting-kwong mentioned in particular work in relation to Taiwan. During these few years past, the SAR Government has been exerting efforts to enhance work in this area. In the past two years we have adopted some proactive measures. The Trade Development Council has set up a liaison office in Taipei. We held a Hong Kong-Taiwan city exchange forum last year, when we invited the Taichung City Government to head a deputation of more than 100 members to visit Hong Kong. We have also adopted measures to facilitate the entry of Taiwan residents to Hong Kong. Taiwan residents holding the Mainland Pass can come to Hong Kong visa-free and stay for one week. But work did not stop at that point. In order to develop the Taiwan work and relations on a longer and broader basis, we set up the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (ECCPC) while Taiwan established the Taiwan-Hong Kong Economic and Cultural Co-operation Council (THEC) as a counterpart agency. With this new platform in place, public officers of the two places can engage in exchange and co-operation in areas of mutual concern while in an appropriate capacity.

With the end of the Second World War, from 1940s onwards, companies, professionals and the service industry from Hong Kong have always maintained co-operation and exchanges with their Taiwan counterparts. However, such exchanges in the public sector are few. But now, with this new platform, irrespective of public and private sectors, we can all contribute to the co-operation between Hong Kong and Taiwan. So this new development is most helpful to us in taking forward our work in this area.

At the end of August, the Financial Secretary led all the members of the ECCPC to Taipei and held the first joint-meeting with the THEC. Results came out of that meeting in a number of areas. First, Taiwan expressed its welcome to the establishment of a multi-functional office of Hong Kong in Taiwan. Second, Taiwan expressed its support for the Hong Kong Tourism Board to set up a formal office in Taipei. In fact, the SAR usually has three offices in many different places of the world, including the Mainland. These three offices are the Hong Kong Economic and Trade Office of the SAR Government, the office of the Hong Kong Trade Development Council and the office of the Hong Kong

Tourism Board. If such three offices are all set up in a place, it would be of great help in promoting official relations and economic and trade co-operation. In the multi-functional office we are to establish in Taiwan, I believe its functions are comparable to those of the Economic and Trade Offices we have set up on the Mainland. Thirdly, both Hong Kong and Taiwan think that there should be closer liaison and co-operation of the two places in financial business. Fourthly, trade and economic ties between the two places should be strengthened. This includes the issue of avoidance of double taxation which the Deputy President is very much concerned about. Fifthly, with respect to air service arrangements, both parties think that the authorities concerned should consider taking part and taking the lead in fostering a new set of air service arrangements. These will be different from the previous practice of leaving it to the airlines of both places to handle the issue. Sixthly, with respect to certain policy areas like education, creative arts, cultural arts, healthcare and food safety, both parties consider that there should be co-operation.

Deputy President, in sum, ever since 1997 with the reunification and our smooth transition into an SAR, an important topic thereafter is to open more room of development for Hong Kong in economic terms. Members can see that with respect to co-operation with the Mainland and relations with Taiwan, we have focused our concern and promote their development in the most macro and most micro senses. By most macro I mean policies with respect to the 12th FYP and CEPA, and we will work on them. By most micro I mean opening up a market for Hong Kong in the Qianhai area which spans only a few dozen square kilometres. We are convinced that we should stick to these directions of development, focus our attention not only on the Mainland but also on the other side of the Taiwan Straits and strive to get all the enterprises — be they those of a Mainland capital which do business in Taiwan or those of a Taiwan capital which do business on the Mainland — if they are successful, to come here and get listed in Hong Kong. Deputy President, in respect of both macro and micro levels and the Central Government, provincial and municipal governments and the Taiwan authorities, we will continue to exert our best to promote work in these areas.

With these remarks, Deputy President, I hope Members can lend their support to the Policy Address this year.

DEPUTY PRESIDENT (in Cantonese): The first debate session ends. We now proceed to the second debate session on the theme of "Quality City and Quality Life". This session covers the following six policy areas: Development (other than planning, lands and works); Economic Development (energy); Environmental Affairs; Food Safety and Environmental Hygiene; Home Affairs (other than district administration and civic education); and Information Technology and Broadcasting (creative industry).

Members who wish to speak in this session will please press the "Request to speak" button.

MS AUDREY EU (in Cantonese): Deputy President, the Policy Address is a bit different from last year's — its coverage is wider and there is more response to the suggestions made by the Civic Party.

But unfortunately it is still like what we would say about the Policy Address, that it is like a doctor who prescribes some cough syrup to contain coughing, but nothing is done to address the ills at root. The greatest problem is that some issues which policy addresses in the past have addressed or touched upon, like housing, poverty alleviation or the wealth gap, and so on, all originated from unfairness in the institutions of Hong Kong. This has been mentioned in the previous session and so I would not repeat it here. But it is obvious that both the welfare work under the Community Care Fund and the My Home Purchase Plan in the housing policy area cannot solve the problems at root or ease the deep-rooted conflicts in our society.

In terms of administration, the SAR Government has been rolling out too few measures and too late. Deputy President, this shows what the system of Hong Kong is like. In the TUNG Chee-hwa Administration set up after the founding of the SAR, we all remember his "85 000 flats" policy which just vanished into thin air when no mention was made of it. In future when people talk about the Donald TSANG Administration, they may remember the six major industries with an advantage. Last year's policy address talked about them to great lengths. But only one paragraph is devoted to them this year, saying that the six priority industries are making progress. As we all know, this is nothing but empty talk. This reminds us of the environmental issues. This is because these issues have caught much of people's attention in this year's Policy Address.

Why? Because on the same day when the Policy Address was delivered, Tanya CHAN proposed a motion to repeal the amendment order to extend the landfill to the country park.

What kind of problem is shown? We recall back in 2004, Sarah LIAO, the Secretary for the Environment in the TUNG Chee-hwa Administration proposed a policy framework on the management of solid waste. If we were talking about the subject of constitutional reform now, I would use jargons like a roadmap and timetable for universal suffrage. Likewise, there are timetable and roadmap in that policy framework on the management of solid waste. But the pace of progress on that is lagging seriously behind. Now it is 2010 and six years have passed. But little achievement has been made under the working directions listed in that policy framework. With respect to waste recovery and the levy on plastic bags, the Government has made some efforts, but nothing has been done to follow up other proposals made in that policy framework. This is why the Government introduces this amendment order in great haste and tries to extend the landfill to the country park.

The Legislative Council only conveys public opinion actually. The problem of stench has been around for many years, but it is not solved. On the other hand, landfills are not the best way to treat solid waste. Therefore, Members of this Council from various political parties and groupings oppose this approach and they call upon Secretary Edward YAU to come up with a host of proposals and discuss with us how solid waste should be treated. As a matter of fact, regardless of landfills, incinerators or producer liability, the most important thing is to reduce waste at source. Apart from separating waste at source, we should try to do what is done in the supermarkets in overseas countries, that is, placing recovery machines at different places. If you put in one bottle, the machine will give you some money. This kind of waste separation can yield cash rewards. There are so many supermarkets in Hong Kong when we were discussing the plastic bags levy, I once went to a supermarket and asked them whether I could bring some plastic bags to the supermarket in exchange for some money. There are actually many of this kind of issues and a lot of relevant work to be done. All these cannot be done without the Government taking the lead.

Deputy President, with respect to the environment, there is a huge blank area in this year's Policy Address. In last year's policy address, mention was made of instructing the Chief Secretary for Administration to come up with some

air quality indicators. But nothing is mentioned on that in this year's Policy Address. When I pursued the matter with Secretary Edward YAU, his reply was that it was not necessary because the 19 measures found in the air quality indicators were being launched step by step. So there was no need to introduce air quality indicators. This situation is quite like one in which students are asked to hand in their homework. It is very difficult because different government departments have to do something and that explains the great delay.

Deputy President, buses are certainly part of the environment problem. This is also a grave concern to me. People's health is affected by buses. Secretary Dr York CHOW was in attendance earlier. Buses are closely related to the people's health because a large part of the air pollution on the streets comes from polluting vehicles running on the roads. These vehicles include buses and old heavy goods vehicles. Although a fund to subsidize vehicle owners in switching over to newer models has been set up, the response has not been satisfactory. Even if another round of the scheme is rolled out, we would not pin too much hope on it.

With respect to buses, the Policy Address this year mentioned some achievements made. As a result of the long-standing work we have done in striving for more environmentally-friendly buses, the Government now gives a subsidy to the bus companies to update their fleet. Hence some improvement is made. An example is subsidizing bus companies to purchase six hybrid vehicles and undertake tests to see if Euro II buses can be changed into Euro IV buses and if catalytic converters can be retrofitted. But Deputy President, this kind of work will take a long time and even if tests are done, I do not know how long these will take and when we can obtain any results. Fresh air is really vitally important to us and this explains why people are pressing the Government to enhance work in this and to aim at greater speed and efficiency.

In addition, with respect to energy, Deputy President, the consultation paper on climate change introduced by the Government is also a cause of concern to us. This paper was published in September and actually, not much discussion has been conducted in the community since then. But to our surprise, the Chief Executive said in the Policy Address that nuclear energy would take up 50% of our fuel mix for power generation. Honestly, we know very little about nuclear power generation. Even though we have the Daya Bay nuclear plant, the transparency of its operation is very low. If in future 50% of the power in Hong

Kong is supplied by plants on the Mainland, would this affect our steady power supply? The amount of money involved would also be huge because astronomical costs are incurred in building nuclear power plants.

Besides, a more serious problem is the disposal of nuclear waste. As a matter of fact, places around the world do not actually have much experience in that. Once I asked Secretary Edward YAU, and he told me not to worry, for our country meets international standards on that and other places have experience in storing or handling nuclear waste. However, technology in this aspect is still controversial. But Deputy President, the Policy Address regards this concept almost as *fait accompli*. This worries me very much. I appeal to the people of Hong Kong to show more concern for that issue and raise more questions. I also hope that the people can show greater participation.

Besides, Deputy President, this area also touches on water quality in the Victoria Harbour. Although the Policy Address mentions that a sum of \$17 billion has been committed to commencing work on improving water quality, and it is also said that people can swim in Tsuen Wan, as a matter of fact, even today, the problem of sewage in Hong Kong Deputy President, every time when we drive past places like the Olympic Station, we will find the stench from the sea a great shame to the Hong Kong people. For a place as rich as why despite our efforts in following up Can the Harbour Area Treatment Scheme Stage 2A be speeded up? Can that lot be used for works project of this kind? No reply has come from the Government to date.

Deputy President, with respect to nature conservation, of course we welcome the incorporation of some 50 lots of land near the country parks into the country parks. But I am very worried that this is another case of all thunder but no rain. This is because many measures from the Government, such as the case of the waters off the islands Tai A Chau and Siu A Chau and whether they can be used as the southwest marine park, have not been finalized. Talking about PPP, that is, using a few lots of land to engage in conservation with the participation of the business sector, this has not seen any progress over the years. Talking about conservation, I have to mention a proposal which constitutes an enormous worry to the Civic Party, that is, the proposal on selling part of the West Wing of Government Hill to the private sector for development. We think that is not acceptable. I hope very much, and I have been demanding, that a fund on nature conservation can be set up, with collaboration between the Government and

private developers. The Government will fund the conservation projects in places that should be conserved and where there is value for conservation.

Deputy President, there is some kind of progress in this Policy Address in one area, and that is, about animal rights. A small paragraph in it touches on the topic. This is also a great concern to the Civic Party. However, we are concerned not just about building a park for pets. We are concerned about figures of cats and dogs caught each year and the number of them being put down. For dogs, there are 6 322 of them and for cats, there are 3 295 of them. Such numbers are shocking. They show that nine out of ten dogs or cats caught will die. Channels for animal adoption are few and many people who want to adopt pets cannot complete the adoption formalities within the required time and many of them can only adopt a pet by risking penalties and pretending to be the owner. As a matter of fact, problems like catching these pets, de-sexing them and releasing them or opening up channels for adoption are very easy to solve. We hope more work can be done on all these.

Deputy President, time is not quite enough, I hope to leave some time to other sessions. I would like to talk about the issue of the Home Affairs Bureau in bidding to host the Asian Games. I wish to make it clear that the Civic Party greatly supports the development of elite sports, but we fail to see how hosting the Asian Games can turn elite sports into popular sports. Now many students and young people, and certainly also the middle-aged people, have to face the overweight problem and they cannot do any physical exercise. Just how can the application to host the Asian Games help develop our sporting culture and improve our sporting habit? If the Secretary cannot tell us that it is really worthwhile to spend that huge amount of money to host the Asian Games, the Civic Party will not lend it our support.

Thank you, Deputy President.

DR LAM TAI-FAI (in Cantonese): Deputy President, after I had spoken yesterday, many Honourable colleagues said to me, "Tai Fai, did you not go a bit overboard when you scolded the Government?" Mr Andrew CHENG even said that I am the functional constituency Member who scolded the Government most harshly. He asked me if I disliked K C CHAN that I often scold him. I wish to

make a clarification here. First, I target issues *per se*, not any person. If I make it personal, this is not rational and not polite. What I have said are all facts. Second, it is not that I dislike K C CHAN. Had I liked him, I would have convened a commission of inquiry. So it is certain that I do not like him.

I have been a Member of this Council for two years and I would like to share with the Deputy President what I have got in mind. I think that when a responsible Member has seen that the Government has done something correct, he would support it. But if the Government has done something wrong or if something is not to achieve the desired effect, then he has the right and he should make criticisms and express his views. The theme today is Quality Life and basically, what is meant by quality life is that both the public and Members can make their views known to those in the Government. If they come across any problems, be they members of the public or the industry, they can obtain support from the Government, then that is quality life. Quality life does not mean shopping, seeing a movie or being cozy and comfortable. There are still a lot of things other than these.

Earlier on public officers have responded in the first session. Even if he had heard my criticisms and scolding, Secretary Prof K C CHAN did not say a word in response to section 39E of the Inland Revenue Ordinance. Yesterday, Mr Vincent FANG, Mr Jeffrey LAM, Ms Emily LAU and Mr Paul CHAN suggested that the Government should help the industries in upgrading and transformation. But he did not make any response. Despite the scolding and criticisms, he did not respond. In any case, I recall the Deputy President has taught us that if we are to succeed, we have to pursue persistently and do what we should do.

As time is limited, I will come back to the focus of the second session. There are some things that I wish to share with you. Today I read the Policy Address again — actually I have gone through it more than 10 times — and I found that there are three short paragraphs on sports. This is much better than in the case of industries because regarding industries, no mention is made of them even in one small paragraph. The Policy Address says that sporting facilities are to be improved and soccer should be promoted. Deputy President, has it ever occurred to you that the Government seems to have attached special attention to sports recently? I say it is in recent times, or after the conclusion of the East Asian Games. This makes people feel very strange. However, attaching

importance to something is better than not attaching any importance to it. At least, some people are showing their concern. And there is a chance for sports to develop. This is better than section 39E of the Inland Revenue Ordinance which nobody cares about. Since nobody cares about it, so it cannot be amended. So I am happy about it.

But although this has caught some attention, I do not see any policy launched by the authorities, nor do I see more participation from the professionals — by professionals I mean those in the sports sector. Recently, the Community 18 held a meeting and a member of that group — I am not going to reveal the name of that person — asked, "Is the Government exploiting public sentiments and speculating on the gold medal won by the Hong Kong soccer team in the East Asian Game, making a lot of fanfare and propaganda and say that sports in Hong Kong are teeming with vitality and a rosy future lies ahead of us?" I asked him not to talk in such ugly terms like exploiting public sentiments and speculating. For in everything we do, we should follow the trend of the times. It can be said that we are sailing in the direction of the wind and not against it. Since we have all noticed this momentum and the public attaches more importance to soccer because the soccer team has won a gold medal, a lot of publicity and fanfare are done. But this is not being speculative. I think that this is not a bad thing after all. However, from another perspective, the sports scene in Hong Kong is still a pool of stagnant water. I agree that there is certainly very great room for development. For if not, Members would not discuss it.

Last time the Secretary said in the subcommittee that Hong Kong actually lacks a sporting culture. I agree with this comment by the Secretary. Why is there this phenomenon? Frankly, the Government did not pay enough attention to sports development during the many years past. This includes work regarding sports at the district level and among elite athletes. There has never been a complete and specific plan for development and so it is impossible to build a sporting culture. A sporting culture depends not only on the participation of athletes but also the support of the parents and the public, as well as co-ordination in many aspects. The situation is very simple. Take studies as an example. A student will often have to choose between studies and training and he or she cannot excel in both. It is in fact not possible for someone to excel in both. We cannot ask an athlete to concentrate just on sports, training and competition to the disregard of his studies, for how can someone have knowledge if he does not study? No matter if they want to use the knowledge to make a living, a person

has got to gain knowledge even in daily life. It follows that an athlete has to strike a balance among training, competition, studies, earning a living and even retirement life. I think that the Government does not provide enough support in this. Since support is lacking, how will parents let their children become fully committed to sports training. It is also hard for schools to co-operate because the general view held by the community is that being an athlete will not lead to a good future and there are no prospects. In this regard, for many years the sports sector has been making its views known on this. I am sure that support to athletes must be strengthened as a matter of policy.

In fact, last year I suggested to the Government that a sports council be set up. But all along I do not think the Government has given this any consideration. My views are not accepted. As we all know, the Sports Commission under the Home Affairs Bureau is only responsible for putting forward ideas instead of drawing up policies. If there is a sports council, then some experts can co-ordinate the relevant matters. We often say that insiders should lead the outsiders and experts should lead enthusiastic amateurs. And there should be a policy before work can be done and a sporting culture be promoted in Hong Kong. I hope that even if the Secretary is not doing that, at least he should open a file and study the matter. He should study if a sports development council can be set up. Of course, the name can be a council or some other name, provided that an agency specifically tasked with sports development should be set up. This agency should be led by a group of experts, instead of just people who are enthusiastic in sports. It is because although these people may be very devoted, they are not experts after all. We may be very enthusiastic, but we are not experts.

In addition, Deputy President, I wish to talk about the gold medal in soccer that we won in the East Asian Games. I am a soccer fan myself and I can be considered a member of the soccer circle. I have been in the soccer circle for many years. I wish to tender the Government a reminder again. As there are three paragraphs on sports in the Policy Address this year and one of them is on the development of soccer, I hope the Government will see the point that the development of soccer does not mean development of sports. They are by no means equal and their positions are not the same. If it is because of a gold medal in soccer that the Government injects a lot of resources into developing soccer, I would not agree to that because this would be unfair to other sports.

Moreover, this will knock sports development as a whole off balance. Of course, it will not meet all the needs of the people and their aspirations. The Secretary may conduct a survey on this. It could be the fact that many people like to watch soccer, but not everyone takes part in playing it. Some people may like swimming, some may play badminton and table tennis, and some others may like walking or jogging. If all the resources are put into the development of soccer, this will definitely lead to an imbalance in other sports. The Government should help to foster the diversified development of sports in Hong Kong, instead of developing just one sport and putting all resources into it. I must, however, make a clarification here lest people in the soccer circle may think that I oppose the development of soccer. I do not oppose developing soccer at all, but I strongly oppose our not pitching in our efforts to develop other sports at the same time, thereby denying the diversified development of sports in Hong Kong.

Deputy President, Secretary, I have said many times that in building a sporting culture or developing sports, we must not be enthusiastic about it for just a very short time. Apart from developing elite sports on a sustained basis, we should also promote and popularize sports. But the most important thing is that more resources must be injected at both the community and district levels in order to promote a sporting culture and district sports activities. Hopefully, these will result in territory-wide participation and all members of the public being encouraged to take part and join in. There is some difference between taking part and joining in. If one takes part, it means that he plays in the field or plays for fun. And joining in means lending support, cheering up and watching the game. The same goes with cultural activities — there are people on the stage and there are spectators.

Then what is the best approach to take? In doing anything, a person has to be trained at a tender age and he must start from the beginning. Hong Kong practises 12 years of compulsory education and basically, all young people should study in schools. Hence the best approach is to promote sports in schools. The schools should encourage more students and teachers to take part or join in sports. The source must begin with the schools, that is to say, this must be done during school-age. Only in this way can the interest and potentials of the young people can be brought into full play. I also hope that the Secretary can consider the matter with the Education Bureau or the Government to see how more resources can be allocated. By resources I mean funding, teachers, trainers and sports facilities for various kinds of sports. Such resources are meant to support the

development of sports in schools, that is, at source. This will enable development based on a good foundation and from the source. Then we do not have to rely on immigrants or foreign players. These people may be brilliant players on the Mainland, then they come to Hong Kong and live here for a few years. These people are important and speaking of the short term, they are indeed important. It is because they can upgrade the level of competency of local players and they may bring glory. But in the long run, we must groom our local athletes and also our local spectators of sports events. In this regard, I hope that the Government can do more promotion in schools. As we all know, the subject of Physical Education has been given little regard in schools. It is seen as a subject of secondary importance. Parents do not attach great importance to it either. I therefore hope that the Government can do more in schools regarding the subject of Physical Education.

I am not do publicity. An example is our Lam Tai Fai College which offers education of a unique kind. We hope to cultivate an interest in sports in the students through our Physical Education lessons. And it is hoped that through Physical Education, the students can learn about things essential to life like solidarity, striving for excellence and perseverance. What we do is to integrate the subject of Physical Education with other academic subjects.

Just now I have complained about schools attaching secondary importance to certain subjects. This is probably because they may lack resources. In Lam Tai Fai College, there are 40 teaching hours a week and one tenth of these teaching hours, that is, four lessons, are for Physical Education. The subject is taught by specialist teachers — there are five degree-holders teaching the subject of Physical Education. Recently, our school sponsoring body has constructed a new wing to the existing school building. It has a swimming pool, an indoor gymnasium and a fitness centre, all meant to support the development of sports in our school. Secretary, honestly, the money for them are paid by our school sponsoring body, not by the Government. As the saying goes, clapping one hand with not make any sound. So we hope that the Government can provide more resources to the schools and their sponsoring bodies, so as to enable them to develop academic subjects with unique characteristics and also the subject of Physical Education.

Well, I still have 12 minutes. Secretary, I would like to talk about the seed fund of \$3 billion. To date, I have not seen any project with a direction

launched. I also hope that some projects will come up soon because I do not want to see this seed fund become another case of empty talk. That is to say, resources are not put into places where they are most needed. Time is running out because I need to hurry to Sha Tin to attend a meeting of the District Council there.

One last remark. I hope the Secretary will consider setting up a sports development council or a department specifically tasked with sports development to co-ordinate the medium-to-long-term sports development in Hong Kong and to build a sporting culture.

Deputy President, I so submit.

MISS TANYA CHAN (in Cantonese): Deputy President, just now, Dr LAM Tai-fai devoted considerable length to the subject of sports. I will talk about cultural issues later as Dr LAM is perfectly right in pointing out that we must start from the basics, that is, providing cultural education for our next generation. The theme of this debate session today is "Quality City and Quality Life". This hinges very much on how we are going to preserve the precious resources left behind by our previous generation and the memories and legacy of our city, as well as how we are going to pass all this on to our next generation, so as to enrich our city rather than purely copying the unique features of other cities.

In fact, the values of Hong Kong people have experienced drastic changes during the last few years. In my opinion, a city having undergone development for three to four decades ought to experience such changes. Whether the values of people will change actually hinges on whether the Government can feel the pulse accurately and keep pace with the pulse of the people's changing values. I believe this precisely explains why the concept of conservation could hold its head high over the past few years. It is because Hong Kong people treasure this piece of land, Hong Kong, and its history — in fact, every city and person has a past — as well as the local community culture. But this does not mean we are not patriotic.

I wish to speak on several areas in the hope that more efforts can be made by the Government. On nature conservation, I welcome the decision made by the authorities (probably made jointly by Secretary Carrie LAM and Secretary

Edward YAU) to take actions regarding 50 sites not yet covered by statutory plans or country parks, because of a bitter lesson we learnt previously. In fact, for the time being, we can only rely on legislation to protect these sites. In the long run, however, the Government should make more efforts.

It is evident in the Tai Long Sai Wan incident that members of the public treasure not only places with ecological value, but also places with landscape value. Moreover, these assets belong to all Hong Kong people regardless of class. They have even become a very important asset for attracting tourists. In fact, the Tai Long Sai Wan incident does not reflect any anti-business or anti-rich mindset, so to speak. A businessman just happened to damage some public resources in a violent manner, and as a result, enraged everyone. I very much hope that the Government can expeditiously include the remaining 50 sites into country parks or development permission area plans.

Mr CHEUNG Hok-ming often talks about issues related to the use of or compensation for rural land. Actually, we understand very well that some residents might be living on rural land. But as far as I am aware, rural land is mostly governed by old deeds and used primarily for farming purposes. I believe both the relevant legislation and precedents can be used as reference for the purpose of determining the compensation standard in the future.

Next, I would like to say a few words on intangible cultural heritage for it is a rare opportunity for three Bureau Directors here attending this debate session in this Chamber. Of course, Secretary Dr York CHOW is also here. I will also talk about niches later. Insofar as intangible cultural heritage is concerned, we have been very fortunate to have Cantonese opera inscribed onto the Representative List of the Intangible Cultural Heritage of Humanity by the United Nations Educational, Scientific and Cultural Organization (UNESCO). However, I have repeatedly expressed the hope that the Secretary for Home Affairs can make more efforts on this front because the inscription does not imply that the relevant work has been completed. On the contrary, our responsibility and commitment will become bigger and more long-running. China is a contracting party to the Convention for the Safeguarding of the Intangible Cultural Heritage (the Convention), and the Convention has come into effect since 2006. I sincerely hope that Secretary TSANG Tak-sing can legislate to protect intangible cultural heritage. This is what we can do and protect in the hope that such heritage can be passed on to our next generation.

The third area I would like to talk about is the conservation of antiquities and monuments. In my opinion, not only is the existing legislation outdated, but the Antiquities and Monuments Office (AMO) has gone too far, why? The legislation is outdated because it cannot cover many projects warranting attention in the community as well as in the world, such as natural heritage, cultural heritage, and so on. As regards whether it is necessary to put everything under the same piece of legislation for the sake of protection, of course, I do not think this is necessarily so. However, it seems that only some buildings can be protected. Although the Secretary for Development, who is also the Antiquities Authority, has once attempted to develop this conservation "point" into conservation "surface". But, sorry, after the Maryknoll Convent School incident, I have no confidence at all in conservation.

In the Maryknoll Convent School incident, an 80-year-old fir tree was felled blatantly before the very eyes of all the people in Hong Kong. Although many irregularities were found in the incident, neither the AMO nor the Antiquities Authority had taken any action. Instead, it was decided that the School be let free. We certainly understand that it is a tough decision to make to sue a school. However, I must point out that if even the relevant law could not protect the tree in question, it would be even harder for the law to protect other trees on the streets. Moreover, the tree in question was situated within a monument boundary, and ought to be properly protected by the Antiquities and Monuments Ordinance. Yet, the Antiquities Authority has chosen to spare the School. I very much hope that the authorities can review this Ordinance and make more efforts in the supervisory procedures, the education work performed by the AMO or reminding monument owners of their duties, as I believe Hong Kong cannot bear with too many incidents of radical and permanent damage of this kind.

On the protection of monuments, we all know that monuments are classified into three grades. However, it seems that the grading system cannot fully protect our monuments. What has happened? Let me cite San Wai Tsuen as an example. Some village houses in San Wai Tsuen have been converted into columbaria, although they have been classified as Grade III or even Grade II historical buildings. Has the AMO taken any follow-up action? I am not too clear about that. However, we still remember clearly the Tai Long Sai Wan incident. The site was originally an archaeological site. However, the AMO was so slow and unresponsive that it did not realize that the site on which

construction works were carried out by a Mr LU was actually part of the archaeological site until the works had reached the final stage. Although the AMO pointed out in its reply to me that the archaeological value of that portion of land was extremely low, it should still be protected, given that it has already been designated as an archaeological site. The AMO has refused to admit its mistake. How can it do something like that!

Let me come back to the Maryknoll Convent School incident. Although the School has been graded as a declared monument, the relevant assessment is very brief. It has only one and a half pages, and there are only six paragraphs in it. This document in my hand is the assessment. It has only one and a half pages. Although the request was made by the School, the authorities should at least conduct a professional assessment. The assessment on the Central Government Offices (CGO), for instance, has more than 100 pages, so we all can have a clear idea of the assessment. This is what a quality assessment should be like. Was the detailed assessment conducted because the Government wished to demolish part of the CGO, and this case was hastily closed because the Government had no intention to demolish the School?

When it comes to the CGO, I would like to ask Honourable Members (though there are not many of them in this Chamber now) to consider the value of Government Hill, on which the CGO is situated, to us. In fact, as early as in late 1930s, there was a possibility for Government Hill to be sold to private property developers. However, at the Legislative Council meeting held on 13 October 1937, the then Governor of Hong Kong expressed the hope of his predecessor of preserving the site, where the Battery Path and Garden Road were situated, as he did not want to see this beautiful part of Hong Kong to be subject to vandalistic commercialization. Furthermore, we can see from the verbatim record of the proceedings that his remark was followed by the interposing remark "(Applause)", indicating that Members at that time were clapping their hands. The place mentioned therein was actually our Government Hill.

Now, the present Government is going to sell our Government Hill and the history of the people here. I still do not understand why the Government cannot keep Government Hill and leave it to the people? Originally, the place belonged to the people. It was originally designated for Government/Institute/Community (GIC) use and it was not enclosed by steel fences, though the authorities explained this had to be done for security reasons. We do understand.

However, if the use of the site is changed in the future, can it be opened to public use? The Secretary indicated the other day that the consultation period could be extended. However, the consultation we expect is not just consultation by way of a consultation document or an attractive display of models. We hope the Secretary can incorporate the part concerning history, so as to enable members of the public to clearly understand and appreciate the history of Government Hill. What is more, I hope the Secretary can open part of Government Hill to members of the public, so that they can visit the place to admire the old trees there and share this bit of history which is solemn and yet personal.

I attempted to sign in for a visit to Haw Par Mansion but the quota was already full. This shows that many members of the public are actually very interested in the monuments in Hong Kong. It is indeed too "simple"¹ ("齋"), not too "dry", for this consultation to be conducted in this manner. I hope the authorities can make more efforts rather than merely erecting a platform or a booth in the shopping mall of a shopping centre for the purpose of consultation. I hope the authorities can allow members of the public to make a personal visit to Government Hill to feel for themselves and take a deep breath to sense what Government Hill is like. I hope the Government can make up its mind to review the relevant legislation, the grading criteria and the requirement for information when conducting assessments, as these are part of the process whereby members of the public can learn how to appreciate antiquities and monuments in the future. The AMO would be in dereliction of duty should it fail to perform these tasks properly.

Apart from this, I also hope that the Government can consider the need to redelineate the powers and responsibilities of the relevant departments or government officials because the AMO is under the Home Affairs Bureau, and yet the post of Antiquities Authority is taken up by Secretary Carrie LAM, whereas the Commissioner for Heritage is subordinate to the Secretary. I hope the redelineation of powers and responsibilities can prevent Secretary Carrie LAM from frequently neglecting the work of the AMO. I also hope that the scope of the relevant legislation can cover cultural heritage, intangible cultural heritage, as well as natural heritage. Of course, I still hope that the Government can take the initiative to enact legislation on tree management. Otherwise, I will

¹ The word "齋" in Cantonese rhymes with the word "dry".

definitely propose the enactment of such legislation within this Legislative Session.

Next, I would like to say a few words on the disposal of solid waste. Actually, our party leader already mentioned this briefly just now. It is actually in the interest of our next generation that solid waste must be properly disposed of. I hope Secretary Edward YAU will not mistake incinerators for landfills. Actually, incinerators are not a solution. I believe the Secretary should be clear about this, just as landfills are not a solution. I hope the Secretary can expeditiously devise a comprehensive policy for disposal of solid waste, including a "major" direction, that is, source separation and resource recovery, and a "minor" direction, that is, landfilling and incineration. We do not hope to see the Secretary evade the key issues or make no distinction between the key issues and trivial ones. Is it easier to build incinerators? I hope the Secretary will not harbour such thinking. Otherwise, he will again fall into the previous landfill trap, thinking it might be easier for him to put the interest of all the people in Hong Kong and the interest of an individual district in direct confrontation.

I understand it very well that the implementation of solid waste disposal measures, especially the "Pay by the Bag Scheme", will affect all the people in Hong Kong or perhaps encounter some difficulties. However, I believe the Secretary is capable and resolute. If these measures are really implemented, I believe many green groups, and even political parties and the general public, will be willing to support the Secretary because every one of us is prepared to take responsibility for the environment of our next generation. I hope that the Government can expeditiously put forward a comprehensive policy instead of telling us a landfill will be built on site A, an incinerator will be built on site B, and consideration will be given to building incinerators on site C and site D. Actually, in places where source separation is properly carried out, some of their incinerators have to be closed because the incinerators will have no more supply of waste.

Apart from this, I would like to say a few words on refuse containers — it is rare to have two Bureau Directors here in this Chamber — because I had a meeting with Dr CHAN Ying-lung with the staff of the Food and Environmental Hygiene Department (FEHD). In my opinion, there are simply too many purple refuse containers in Hong Kong. We can literally see one purple refuse

container at each street corner. I have even seen a refuse container between two trees in a park. The number of refuse containers is really excessive. Could it be the case that the authorities think that the more refuse containers we have, the cleaner our city will be seen to be? Given the quality of Hong Kong people, I think that they can accept refuse separation. I once visited some places where refuse separation was carried out, and it took me 30 seconds before I could sort out where I should put the refuse. However, if public education is successful, I think that separation bins can replace the purple refuse containers in phases.

Given that the FEHD has been mentioned, I would like to mention columbaria in passing. In fact, I have been following up this issue for quite some time, though I am not a member of the relevant panel. This issue actually is closely related to planning and the environment. I hope Secretary Dr York CHOW can expeditiously propose legislation and put public interest in the number one position, as the rights and interests of consumers are involved, too.

Lastly, I wish to say a few words on the Government's bid to host the Asian Games. Just now, both our party leader and Dr LAM Tai-fai raised the point that sports and cultural developments should most preferably start from the basics, that is, education. Yet, cultural and arts education is lacking in the curriculum of our primary and secondary schools. As for the Asian Games, our greatest concern is that the Games might become just a fireworks event. After the event, can sports for all and sports excellence really be achieved? Sports excellence might provide some athletes the opportunities to participate in the Asian Games. However, whether sports for all can be achieved hinges on other factors, including air quality, community resources, government support for schools, working hours of the people, and so on. If people have to work 12 hours daily, they might not have any interest in jogging. Here, I would like to appeal to Secretary TSANG Tak-sing, not to give up enhancing the existing resources for communities, even if our bid to host the Asian Games is unsuccessful. What is more, I hope he can discuss with the Education Bureau ways to assist schools in enhancing or improving their sports facilities and enable schools to share certain community facilities. I sincerely hope that the Government can make better efforts in planning on this front.

And finally, I wish to say a few words on the Community Care Fund (CCF) — it is a pity that Chief Secretary Henry TANG is not in the Chamber —

Why would the CCF go into the hands of Secretary TSANG Tak-sing, who would be responsible for allocating the money and resources? According to Chief Secretary Henry TANG, the CCF can take care of people who have been left out. But who are the people the Chief Secretary was talking about? Will Secretary Matthew CHEUNG have the clearest idea of these people? If Secretary Matthew CHEUNG is to take charge of the CCF, coupled with his own set of policies, adjustments can then be made if the policies are found to be inadequate. In so doing, the CCF can be put to even better use. I very much hope that the Government can reconsider which person should take charge of the CCF. Does it have to be Chief Secretary Henry TANG? Does it have to be Secretary TSANG Tak-sing? Of course, we will not necessarily support the establishment of the CCF, why? It is not because we loathe money. Instead, we are concerned about the reasons behind the establishment of the CCF. If the CCF is a one-off contribution, it would be tantamount to "dishing out money". If it means long-term resources, I believe the Government should conduct a proper review to examine which part of the safety net has a hole and repair it.

Thank you, Deputy President.

MR WONG YUNG-KAN (in Cantonese): Deputy President, on behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), I will now speak on the policies outlined in the Policy Address on the agriculture and fisheries industries, and food safety. Every year, the DAB will submit to the Chief Executive proposals on supporting the development of local agriculture and fisheries industries in the hope that the Government can accept and care about friends in the agriculture and fisheries sector. However, the proposals put forward in all policy addresses have not only failed to provide support, they have on the contrary made vigorous efforts to curb the sector's limited viability. Over the past several years, the Government has resorted to public health legislation to pressurize chicken farmers and pig farmers, by persuasion as well as cheating, into surrendering their licences, and as a result, the livestock industry has shrunk drastically. Recently, however, Secretary Dr York CHOW officially announced the suspension of central slaughtering of poultry, citing that the threat of avian flu had lessened significantly. When the announcement was made, some poultry farmers who had already surrendered their licences complained, "What is wrong? What sort of a world is this? This is a scam, a once-in-a-century scam." At present, many chicken farmers and pig farmers

deeply regret their decisions to surrender their licences. Faced with no income and no work, and the fact that the amount of compensation granted by the Government is diminishing as a result of meeting daily expenses, they are very worried. The Policy Address this year has finally targeted fishermen for negotiation. The Government has requested trawlers be banned in Hong Kong waters. Moreover, some so-called incentives will be used to coax fishermen into selling their vessels. Obviously, the Government is attempting to use its old trick to oppress the industry.

The remarks made by the Government have always been high sounding. According to the reference materials provided by the Government to the Legislative Council, and I quote, "A ban on trawling activities will bring the harmful depletion to an immediate halt and thus enable the marine ecosystems to be gradually rehabilitated to an ecologically sustainable level." The real culprit responsible for the shrinking marine resources today should be the Government which provided funds years ago to fishermen to replace their vessels to become trawling fishermen. This is why the Government has to make atonement for its sins today by proposing to buy out inshore fishing vessels. However, in the entire document, there are merely dozens of words discussing this issue. Despite discussions over the past two to three decades, the Government has never admitted the wanton damage done by marine operations, such as sand dredging, mud disposal, reclamation, and so on, to the seabed. I must point out the damage done to the seabed by the sand dredging and mud disposal operations carried out by the Government years ago. For instance, the marine ecology of Kwo Chau Kwan To has yet to recover. The seabed of many fishing grounds, where capture fishery was carried out in the past, remains completely dead.

Deputy President, I would like to point out here that some fishermen put this question to me the other day. They said that the water as deep as 1 m in Tolo Harbour and some parts of Hong Kong waters has become dead and smelly, and the death of the marine ecology was largely attributed to the fact that the sludge produced by the reclamation operations had resulted in an outward expansion of the anaerobic layer. In this connection, I joined some fishermen to go trawling in Tolo Harbour a couple of weeks ago. Soon after the trawling operation started, I found myself shivering all over, as it turned out that what we got was not fish. There were no fish, shrimps or crabs; what we got was only some dead weeds and red worms. The coastal waters were inhabited entirely by those worms. How far did it go? When I asked the fishermen the stretches of

sea where fish was not found, they replied that it stretched as far as to Qingzhou. I am talking about Qingzhou in the Mainland, not Green Island in Hong Kong. The anaerobic layer has already reached there. What can the fisheries industry do in the future? Because of this, I have proposed to Chairman CHAN Hak-kan to request the Government to conduct a study to examine these: What has happened to the ocean? Why are the fishermen suffering so terribly? This situation cannot be caused by trawlers. The Government has often expressed its wish to do something for fishermen. What has it actually done? I hope the Government can conduct a study, a marine study, seriously. Now the Government is going to ban trawlers. Who should be held responsible when no more fish is found in the future? Will it be the Government, the ocean or Heaven? The Government should do something; it should not just stand there and do nothing. I think that it is not right to simply watch and believe what the Government said is right.

Two weeks ago, a representative from a wildlife fund approached me and I told him about this. He said they were not aware of it. I said, "Buddy, you are responsible for marine ecology, and you have always wanted us to cease operation. How come you have no idea of what has happened to the ocean." I was so angry that I could not help criticize him, "I think you are doing this not to solve problems for Hong Kong. Actually, you want the Government to drive us out of operation expeditiously." This is unfair. I wonder if Secretary Edward YAU and the Government will consider doing something in the light of this situation.

Deputy President, we have persistently proposed that the Government must improve the water quality in Hong Kong, rather than requesting fishermen to fold their operation. I believe I have previously pointed out in this Council that a variety of studies on aquaculture can be conducted here in Hong Kong. During a visit with Mr Fred LI to Shandong this year, we were presented with a clear picture of the development of fishery in Shandong. Not only were fish, kombu, sea cucumber, abalone, and the like, found there, but sea urchin could also be found. People there tried everything and studied everything. Hong Kong is surrounded by the sea. Why does it choose not to do anything? I think the Government should really conduct a serious review and do something.

Recently, some oyster farmers in Lau Fau Shan approached me and invited me to visit them for snapper fishing, saying that a lot of snappers could be found

there. I have once explained that if a place has fish rafts, oyster breeding rafts and even shellfish, the water quality there will be changed and become cleaner. Moreover, the recovery of the marine ecology will be speeded up. However, these people have no idea of all this even though they always carry on their lips the pet phrase that we have to conserve the ocean and promote environmental protection, so how can they protect the environment?

Deputy President, I do not want fishermen to be held responsible for "damaging the ocean" forever because this is unfair. Deputy President, we often say that a bad experience is never forgotten. After the surrender of licences by pig farmers and chicken farmers, fishermen are very cautious and worried about the Government's proposal to buy their fishing vessels, because accepting the money means that they will have no means to make a living. Although it is pointed out in paragraph 122 that leisure fishing will be developed, the Government indicates that there is no plan or framework for the development of leisure fishing. Neither has the Government given any thought to how to go about it.

The Panel on Food Safety and Environmental Hygiene of the Legislative Council has recently paid a visit to Hokkaido, Japan, where leisure fishing is developed and opportunities are provided for people to experience the life of fishermen by direct engagement through observation of fishermen in fishing and what they do to keep the industry alive. To this end, fishermen bringing people to go fishing or admiring fish in the sea are requested not to do anything to convert their vessels so as to allow people to see everything in their original flavour. When we asked them the reasons for doing so, they replied that they did so to allow people to experience real fishing operations and the life of fishermen, rather than displaying things which have been redecorated or converted. I hope Secretary Dr York CHOW can discuss with the Agriculture, Fisheries and Conservation Department and the Marine Department how we can develop such business opportunities. The Secretary can change the substance a little bit or do exactly the same thing.

As a member of the fisheries industry in Hong Kong, I can see that the Government has frequently expressed its wish to buy out the fishing vessels of fishermen. I think that in order to keep more young fishermen and farmers in the industry, remedial measures were recently launched in Japan because the country is faced with a situation like ours. While we are prohibited from

capturing inshore fishery resources in Hong Kong, the inshore fishery resources in Japan can still be captured, though to a limited extent only. However, its ageing population has become a very serious problem. In order to address this problem, the local government allocates funds to provide training for the industry and invites some old fishermen to lead young men into the industry. Furthermore, the government provides resources for fishermen and teaches them ways of fishing, as well as enhancing their knowledge of aquaculture technology. As a result, in Hokkaido alone, an additional 1 500 young fishermen joined the industry last year. I believe the Hong Kong Government can consider following Japan's practice. When we asked the people there why such an arrangement was made, they replied that it was because of the growing sales of scallops in Hokkaido. As a result, the industry should be vigourously supported, so that it could find more room for development. The same goes for the agricultural industry. If young people engaging in the agricultural industry have no place to stay, the local government will even build houses for them and provide training, with a view to preserving the industry.

Similarly, today we are talking about rising food prices when chicken farmers and pig farmers were requested to surrender their licences years ago, I said that if nothing was produced in Hong Kong, our function of adjusting prices would be completely lost when prices were adjusted in the future. Now, there is nothing we can do about price increases in pigs and chickens, and no one can control the prices. As for other foods, we cannot even grow our own vegetables. As a result, there is no way for prices to be adjusted and regulated. In the past, the number of pigs and chickens produced locally accounted for more than 20% and 50% respectively of the total number of pigs and chickens supplied in Hong Kong, which was conducive to price adjustments. However, we have nothing at all now. Therefore, should the Government not formulate anew some policies on this? Does the closure of these industries mean that production cannot be resumed? I think that this should not be the case. Let me cite a simple example. If the Government wants to maintain the production of 1 million chickens, it can lay down regulations and make its own requirements, so that our farmers can at least make adjustments to see how the target can be met and upgrade their hygiene facilities to meet the Government's requirements.

Despite the rapid rise in the prices of pig on the Mainland, there is a weird phenomenon in Hong Kong. Secretary Dr York CHOW, what is the phenomenon I am talking about? The phenomenon has something to do with

the wholesale prices. We do not know why Mainland farmers chose to sell their pigs to Hong Kong at a loss. If 100 cattles of pork is sold for only \$1,000, the farmers will lose money. But the retail prices would be several times higher than the wholesale prices. I believe this has something to do with the manipulation of wholesales prices. Therefore, I think that the Secretary should request his colleagues to examine this problem if there is an opportunity to do so. Should the situation remain unchanged, what can we do if the Mainland becomes reluctant to supply pigs to us, whereas we do not produce any pigs at all? Can we rely solely on chilled pork and frozen pork? It does not matter. Anyway, we can switch to chilled pork and frozen pork. However, is this what we wish to see? Therefore, I hope the Government can reconsider issues concerning price adjustment and regulation to examine how it can do better.

Deputy President, next I would like to discuss the problem of columbaria, an issue which has been raised by the DAB all along and remains a concern to us. What should the Government do? We have put forward our opinions to the Government in the hope that it can reconsider the issue in the light of the actual circumstances. We have found that, before the publication of the relevant list by the Government, some people had already announced in newspapers or places selling niches that their columbaria belonged to Part A and were up to standard. This will cause a very serious problem. If things go on like that, I believe people who have bought the niches will face great hardship and pain should the niches be found to be belonging to Part B instead of Part A. Therefore, in order to address this problem, the Government should expeditiously publish the Part A and Part B lists and enact legislation expeditiously. The DAB is supportive of the enactment of legislation for this purpose. This is why I hope the Government can make more efforts on this front to prevent people from being cheated while easing pressure on society. I hope the Government can step up efforts in the construction of columbaria and do a better job.

Deputy President, when it comes to water quality, I wish to point out to Secretary TSANG Tak-sing that Lung Mei Beach I would feel very angry whenever I mention Lung Mei Beach. Although this issue has been discussed for a decade, there has been all thunder but no rain. After assisting in the completion of the environmental assessment, we have not heard anything so far. I wonder what Secretary TSANG Tak-sing wants us to do. If things go on like this he is now talking about making a bid to host the Asian Games, but a swimming pool can still not be built in Area 1. During a recent visit to Japan,

we could clearly see the country's bid to promote sports for all. The purposes of promoting sports for all include: First, to reduce the incidence of diseases, especially senile diseases; and second, to boost physical strength for better health and fewer diseases, and accordingly less pressure on the healthcare services. I think that this is a good phenomenon. Given that we have talked about sports to great lengths, I think efforts should be stepped up to promote sports for all.

I have recently visited Mui Shue Hang Park between 6 am and 7 am in the morning because of the lack of leisure grounds in the area. I was told by some kaifongs that there was simply no place for them to have fun, not even for group dancing, tai chi sword practice or tai chi practice. So, is there any good solution? I think that the Government should study this issue. It should open up more space to encourage members of the public to participate in activities because a group of women, who are in their 40s, are eager to do more exercise in the morning. I think the Government is capable of making more efforts on this front.

Furthermore, I would like to take this opportunity when Secretary for Development is in this Chamber because she is not responsible for the Hong Kong-Zhuhai-Macao Bridge. Instead, the project is related to Secretary Dr York CHOW and the Environment Bureau. A lot of reclamation works are now being carried out in Hong Kong waters. In the future, the number will increase even further. It is also pointed out in the Policy Address that reclamation will be carried out when there is a shortage of land in the future. Some people are particularly fond of the Tolo Harbour in Tai Po. They think that more land can be obtained by carrying out reclamation there. However, I wish to point out that should reclamation be carried out there, the very rich people, rather than the toiling masses, will probably live there. This is why I propose that the Government should not set its eyes on the Tolo Harbour because we can rarely find the presence of an inland sea, like the Tolo Harbour in Tai Po, in Guangdong Province. The Government must not carry out reclamation there arbitrarily. Is it the case that our country parks, which cover 64% of the land in Hong Kong, cannot be used at all? I think that this issue should be studied carefully.

Furthermore, I have once proposed to the AFCD that some coastal land belonging to country parks be provided to us for the conduct of scientific research and marine ecological studies. This is by no means an act of destruction. It is thanks to our joint efforts that proper conservation has been made possible.

Why can the Government not study these proposals? While the Government is committed to conserving waterfront resources, are the authorities aware of the disasters happening to the marine ecology? Can the waters be turned into a dead sea just because trawlers are used by several fishermen? This is not so. The Government is duty-bound to carry out studies to examine how these matters can be dealt with properly. Why must I emphasize that the Government should carry out marine ecological studies in Hong Kong waters, or even work jointly with Guangdong Province to carry out such studies? The simplest answer is that Guangdong Province already announced two years ago that, for reasons unknown, more than 200 species of fish had been driven into extinction. If someone asks whether the extinction of more than 200 species of fish had anything to do with Hong Kong and the Mainland, the answer must be in the affirmative because certain species of fish used to lay their eggs at shallow beaches, but now they have nowhere to go to lay their eggs. This is why I think the Government should come up with some new thinking about this and undertake more studies on marine ecology.

Here I would also like to point out that housing originally did not fall within my purview. However, when I walked about in the communities lately, many kaifongs asked me these questions: Why does the Government not build more public housing? Why is it impossible to resume the HOS construction? What are the reasons for these? I wish to point out that there are a lot of Tenants Purchase Scheme flats in Tai Po. However, a 500 sq ft unit for four or five persons can now change hands for more than \$1.7 million. So, how can the toiling masses have the opportunities to live in these housing units? Where can they live if public housing is not constructed? Even the Mainland has now begun constructing public housing for its people. Why can our Government not expedite the construction of public housing? Some young people have even asked me whether they can use the rent already paid to buy back the units occupied by them? So, will this proposal operate like the My Home Purchase Plan? I think the Government can study and consider this proposal. These public housing residents and young people have discussed these issues with us before. As I mentioned earlier, this issue originally did not fall within my purview. However, many kaifongs have discussed his issue with me in the forum of District Councils. They asked if the Government should consider their realistic difficulties in many aspects rather than giving them the impression that the Government seems to be unconcerned about their future. Therefore, I must put forward this proposal to the Government here. Will the Government please

study ways to enable them to acquire their own homes, with a view to boosting their confidence in the Government.

Deputy President, I would also like to talk briefly about a meeting recently convened by the Legislative Council, in which tourism in Aberdeen, or the South District, was mentioned. Tourism in the South District, including the Fisherman's Wharf attraction, has been a long-standing issue on our agenda. When this proposal was raised by me in proposing motions in 2001 and 2002, I asked the Government whether it would consider constructing a Fisherman's Wharf in the South District or facilities of this sort. Recently, a dozen vessels holding Category 1 licences have also put forward this request: Will the Government study the development of some new thinking? About a decade or so ago, I raised the point that the Government should think hard to work out solutions to expand the Fish Marketing Organization in Aberdeen and convert it into a Fisherman's Wharf for leisure purposes. Not only should this space be exploited for development, other places, such as Ap Lei Chau and Aberdeen, should also be developed further. However, the Government merely said that \$200 million would be allocated to beautifying the waterfront promenades there. I have often said that it is always better to do something than not. However, doing this is tantamount to throwing the Fisherman's Wharf into the sea, because nothing has been done. Why? I have pointed out once in a panel meeting that the Government is "returning from a treasure trove empty-handed". Although it has seen the direction of development, it is reluctant to do anything. So, what can we do?

Actually, Hong Kong has abundant resources for exploitation. I will not call such acts of exploitation as acts of destruction. These exploitation opportunities include the development of ecotourism in Northeast New Territories and visits to geological parks, which are currently under development. Nevertheless, some people hold the view that it is inadvisable for too many people to go there. I think this problem can be solved by imposing a ceiling on the number of visitors through discussions. This would not cause any problems. Things can be done better so long as we are prepared to talk. This is always better than disallowing people from doing anything. Therefore, I invited Under Secretary Gregory SO and Dr LAU Siu-kai to go to sea with me, to examine if the waters around these places could be developed. In my opinion, consideration should be given not only to Hong Kong in developing ecotourism,

including leisure fishing attractions. I think that the Government should also consider how best collaboration can be forged with the Mainland. According to a proposal put forward by me, Northeast New Territories can link up with Huiyang and Huidong. These days, some 200 people would hire boats in my hometown, Aotou, every Friday evening to go fishing in Huiyang. These people also hope that arrangements can be made for vessels or sampans from Hong Kong to pick them up. I think that this can also create room for development. Besides, the Government can consider co-operation with larger tourism circles, such as Macao, Zhuhai, and so on. However, discussions with the Mainland must be held before these arrangements can be made. As we are more familiar with Yantian, we know that Yantian previously had two so-called sightseeing vessels, which were very small and dilapidated. But now, three beautifully-decorated vessels can be found there. According to the locals, the operation is viable. More and more people prefer touring the places in a circle by travelling to the container terminal by boat and then to Nanao before heading back. They even asked if arrangements could be made to bring them to Yan Chau Tong. In reply, I told them not to discuss this issue with me, for they should discuss it with the Guangdong-Hong Kong Joint Liaison Group because the topic did not fall within the purview of our discussion. On this front, I think that the Government can enhance communication with the Mainland in order that more tourism attractions can be explored. It should not wait for others to approach us for co-operation. How about us taking the initiative to approach them for co-operation? The same approach should be adopted for Zhuhai, too.

We also have this idea, and that is, some oil rigs are currently situated at the fringe area to the Southeast of Hong Kong. Very often, dozens of vessels can be found each carrying eight to 10 people, doing fishing in the sea near the oil rigs. Although the people said that they did not necessarily succeed in catching any fish there. However, if they did, they might catch up to 30 catties of fish a day. This is why I think that the Government can also consider exploring more tourism attractions on this front.

In addition to marine tourism, I have actually made requests before in connection with places of conservation in Hong Kong, such as Tap Mun and other bays. Should the Government fail to manage these places, can it let go and discuss with fishermen for their assistance, thereby conserving some sea urchin farms and abalone farms, so that people in other parts of the world can know

more about these famous local delicacies? In fact, years ago, many Japanese people visited Tap Mun for diving. This is why I think that tourism attractions should be more diversified rather than being so limited.

Deputy President, although Members share the view that the development of the fishery industry is hopeless, I must point out that if we allow the fishery industry to disappear, it will become even harder for us to adjust and regulate prices and assert our say. For this reason, I hope the Government can value this last industry of ours. Thank you, Deputy President.

MR IP KWOK-HIM (in Cantonese): Deputy President, in the Policy Address the Chief Executive has finally agreed to consult the public on introducing a licensing regime for property management. In fact, as early as in 2005 when the Government conducted public consultation on mandatory building inspection, the DAB already stressed the need to monitor the quality of property management companies by, among other things, putting in place a licensing regime, in order to protect the interests of owners. The Government did commission a consultancy study on the regulation of property management before but regrettably, after the study had been carried out for a period of time, the Government still did not formally give effect to any type of regulation

In fact, the performance of a property management company has a direct bearing on how well or poor a building is managed. There are around 8 000 property management companies in the territory, 10% of which being quite large in scale. But generally speaking, their quality varies greatly. If these property management companies are negligent of their duties, the safety and hygiene of the buildings will be greatly affected. If no action is taken to rectify the problem, the situation would become all the more serious. To the tenants and the public, the poor quality of a management company will certainly pose potential dangers. In May this year, the DAB conducted a questionnaire survey among private property owners. The findings show that half of the owners are dissatisfied with the service standard of property management companies, and 80% of the owners support the setting up of a licensing regime for property management companies. This shows that most owners would wish to see improvement in the quality of property management companies.

Some time ago, I contacted some members of the property management industry. They are all supportive of setting up a licensing regime by the Government. However, they have reservations about the consultant's recommendation that a transitional period of three years should be provided before putting in place a mandatory licensing regime and a voluntary accreditation system be implemented during the transitional period. They hold that this is superfluous. I wish to point out that the call for regulation of property management companies by way of licensing has never ceased in recent years. The DAB, therefore, hopes that Secretary TSANG Tak-sing can address this issue squarely and cease employing delaying tactics. Efforts should be made to launch public consultation expeditiously, in order to put in place a licensing regime for property management companies as soon as possible.

Next, I will say a few words about my views on building management support.

In the wake of the building collapse tragedy in Ma Tau Wai Road early this year, the public has expected the authorities to provide greater support to owners and tenants of old buildings. While a myriad of building repair and maintenance subsidy schemes are provided by the Government and the Housing Society, as there is a great variety of schemes providing subsidies to different targets who consist of many categories of people, the owners find the schemes most confusing and the various criteria difficult to understand. In view of this, the DAB has all along called on the Government to provide owners with one-stop services covering various support schemes in respect of building subsidies, loans, unauthorized building works, water seepage, and so on, for the convenience of small owners in making enquiries and seeking assistance. In this Policy Address, the Chief Executive announced that a task group would be established jointly with the property management sector to provide one-stop professional building management services to owners' corporations (OCs) and owners. The DAB welcomes this. We hope that this task group can provide OCs and owners with services better tailored to their needs.

Besides, the DAB has repeatedly called for the creation of a commissioner for management of old buildings to co-ordinate the building management work of various government departments, so as to avoid fragmented administration of such departments. In fact, building management involves a number of government departments: The Buildings Department is responsible for

monitoring the building structure; the Electrical and Mechanical Services Department is responsible for electrical installations; the Food and Environmental Hygiene Department follows up the problem of water seepage, and building management comes under the purview of the Home Affairs Department. Whenever a building is in need of repair or the OC requires professional advice, small owners will be treated like a "human ball". They are either thrown here and there or bumping into a brick wall all the times. In this connection, the DAB has conducted a survey previously and found that 80% of the owners consider that the Government has not provided adequate support to small owners. So, I would like to once again urge the Government to reconsider the creation of a commissioner for the management of old buildings to co-ordinate the work of building management in various aspects.

Here, as the Secretary for Development, Carrie LAM, is in the Chamber, I would like to raise an issue brought to my attention recently by our District Council members. Particularly, there is a piece of information which I find most shocking and that is, the Operation Building Bright was launched quite a long time ago and many buildings in Western District have been approved for grant of subsidies under the scheme but so far, some buildings have this scheme has almost been completed but some buildings have not yet received a single penny of subsidy. This is how the entire Operation Building Bright has been implemented. But the scheme is actually implemented in four stages or four phases, but even residents involved in phase one have not been granted the subsidy, and the scheme is coming to an end soon. Should such work be expedited in keeping with the entire exercise of building management support, in order to sense the urgency of the people?

Next, I wish to talk about another issue, that is, the development of elite sports. I understand that the redevelopment of the Hong Kong Sports Institute (HKSI) is in full swing, and under phase one of the project, the refurbishment of the indoor sports complex at Fo Tan has been substantially completed, while the construction of a temporary velodrome at Whitehead, Ma On Shan, was also completed in the first half of the year. The HKSI's headquarter has been gradually moved back to the Fo Tan site. Early this month, Members of the Panel on Home Affairs and I visited the HKSI to understand the progress of its redevelopment. We visited such facilities as the sports medicine centre, fitness training centre and sports science centre at the HKSI.

We found that the HKSI has become very well-equipped after redevelopment. It provides not only hardware facilities such as training equipment, but also software services such as psychological counselling to athletes, offering a quality training base for athletes. After our visit to the HKSI, we realize that in order to be an elite athlete and achieve good results in international competitions, apart from relying on the daily training, an athlete actually also requires the very strong backing of sports science, food nutrition and psychological counselling, which are essential to upgrading the personal skills of athletes and improving their mental quality in competitions. If sports science/medicine personnel and coaches of athletes can co-ordinate with each other to jointly work out a training strategy tailored-made for the athletes, the athletes' skills can be effectively upgraded. Moreover, when major competitions draw near, athletes tend to develop more significant psychological problems, including mental stress, depression and anxieties. Therefore, experts in sports psychology are badly needed to provide counselling to athletes during competitions.

We can see that after its redevelopment, the HKSI can now provide a wide spectrum of services which I consider very important. I very much hope that the Government can deploy more resources to the HKSI for the training of talents, so as to help them achieve better results. During the visit, the Chief Executive and the experts showed great confidence as they bravely vowed that within 10 years, more world-class athletes can definitely be trained up to win honours for Hong Kong in international competitions. So, despite a gloomy future for the bid to host the East Asian Games, I very much hope that the Secretary can make greater efforts to promote sports in Hong Kong. Thank you, Deputy President.

MR TOMMY CHEUNG (in Cantonese): Deputy President, in the coming year, the small and medium enterprises (SMEs) will face great challenges. We must note that the profit margin of many SMEs is on the low side, and faced with imported inflation, the continual rising prices of imported goods and the ever increasing shop rental, they are already operating with great difficulties. Now that even the minimum wage is said to be taking effect next year. The SMEs will face a sharp increase in the cost of wages. Such being the case, they can hardly make much money and worse still, they may even suffer losses.

The problems caused by the minimum wage are very complex. I am most unwilling to see that after the legislation is enacted, the market will become even more lopsided in that not only the grassroots, but also a group of small employers originally striving for development would be made to bear the brunt. This would only dampen the investment desire and undermine the overall competitiveness of Hong Kong. Regrettably, this year's Policy Address has not addressed this squarely.

I hope that the Chief Executive will not adopt the mentality of just getting the job done, thinking that he can wash his hands of it after the enactment of legislation on minimum wage. As a result of the authorities' intervention in the market by administrative means, small employers operating in the market are caught in difficulties. The authorities are, therefore, duty-bound to provide transitional support to those industries facing difficulties in operation.

I understand that minimum wage is a policy under the purview of the Labour and Welfare Bureau, but this policy involves a wide range of issues. In this debate session, and as many Directors of Bureaux are in the Chamber — but Secretary Dr York CHOW has just left — I would like to remind various departments concerned not to think that this has nothing to do with them. Since the Administration has not put forward measures to help those industries in difficulties, I hope Directors of Bureaux can seriously listen to my views, and I hope they can go back and hold in-depth discussions with the Secretary for Labour and Welfare and the Financial Secretary on what measures should be adopted to address the problem.

I understand that the Chairman of the Liberal Party, Miriam LAU, is going to hold meetings with the elderly care service sector, in order to understand their needs.

With regard to the catering sector, recently some reports have used a simple method to compute the wage cost and alleged a fast-food group for being unscrupulous. Members may as well read an article by Tom HOLLAND in today's *South China Morning Post*, in which the discussion on the method of calculating the minimum wage should enable them to gain a better understanding of the difficulties of employers. While I have no intention to start a debate here, I do not wish to see people hence jumping to the conclusion that the catering

sector is unscrupulous. In fact, even the authorities have said that we are hit the hardest by the minimum wage.

The reasons are simple. If the minimum wage will really be set at an hourly rate of \$28 as continuously hinted by the media, the catering sector is set to face severe challenges, for it means that at least 30% of the workers (or 62 400 workers) in the catering sector will get a pay rise. Once the spill-over effect is factored into, the percentage will be even higher and this will impose a heavy burden on the employers who then have to boost revenue and cut expenditure in various ways in a bid to cushion the impact on them.

When everyone is focusing on the major corporations, I hope attention can be given to those non-conglomerate operators of SMEs and eateries operating in districts of weak consumption power. It is likely that they will be unable to offset the increase in cost because of the difficulty in raising prices and so, they will have to face the crisis of closure. If the authorities say that an hourly rate of \$28 should not be a problem in districts of strong consumption power, such as Central, Causeway Bay, Yau Tsim Mong and even Sheung Shui, should the authorities not also closely examine such grass-roots districts as Tuen Mun and Tin Shui Wai in New Territories West or those eateries in public housing estates and consider how heavy a burden will be placed on them by an hourly rate of \$28, having regard to the consumption power of these districts? Indeed, the restaurants or eateries in these districts need the support of the authorities.

Therefore, I think — unfortunately, the Secretary for Food and Health has left the Chamber — the Secretary for Food and Health should actively consider waiving the food business licence fee for one year. The Commerce and Economic Development Bureau should also consider launching more subsidy schemes for SMEs to provide subsidies for SMEs operating locally. Particularly, subsidies can be provided for catering establishments with a small profit margin to purchase clock-in machines or install hourly wage-based payroll computer software, thereby helping them enhance their personnel management and reducing the pressure of the increased cost.

Moreover, I hope that during the initial implementation of the minimum wage, a rent waiver for at least two months can be offered to shopping malls and markets of the Housing Department providing service mainly to the grass-roots people. The authorities do not have to worry about this aggravating inflation.

On the contrary, this can slightly relieve restaurants and eateries of the pressure for a price increase which is also to the benefit of consumers.

In fact, many operators in the food business are having a "headache". Given the increasing exchange rate of Renminbi (RMB) in recent years, the cost of food has been rising continually, and they have already been forced to increase their prices gradually. Now that a minimum wage will be implemented soon, and it will not be easy to further increase the price considerably because consumers possibly may not be able to cope with it. Particularly, to food businesses operating in districts of public housing estates with weak consumption power, it is even more difficult to raise their prices, which means that they will become even more vulnerable to the impact of a minimum wage. In this connection, the provision of a rental allowance can enable them to gasp for some breath, so that they can sustain their operation even though they cannot make a profit, and let the market undergo adjustment slowly while spreading out their price increase over a longer period of time. This can preserve job opportunities for employees and represent a leading role taken on by the authorities to encourage the Link Management and private shopping malls to reduce their rents. Secretary Dr York CHOW is back. Welcome. In case you did not hear what I said, I hope that you can waive their licence fee to cushion the impact of the minimum wage on them.

In the meantime, more resources should be provided to expedite the improvement of the licensing system relating to SMEs by, among other things, speeding up the processing of applications submitted by food businesses for amendments to plans, further streamlining the licensing formalities, and cutting down red tape, in an effort to remove unnecessary regulations and restrictions in the business environment for SMEs.

Honestly, these types of transitional support actually carry a significant symbolic meaning. That said, to what extent are they helpful? Actually, they are not of much help. In the catering sector, 30% of the catering establishments manage to make a profit, whereas 50% of them are in a break-even position and 20% operate in the red. It will be difficult for these catering establishments which have remained weak for years to make it through this test of minimum wage. If the minimum wage is set at too high a level, a cruel competition in which only the fittest survives is set to begin any time.

The Chief Executive said (and I quote to this effect): "Hong Kong's poor can see their living conditions improved once the economy embarks on a solid recovery" (end of quote). This is really like doing nothing but just keeping the fingers crossed. I wish to remind the authorities that even if restrictions are removed for investors, they would prefer turning to the real estate market and the financial market or withdrawing from Hong Kong and turning to other places for development when they see the continuous worsening of the business environment. So, despite the recovery in some segments of the economy, it does not mean that all the people will benefit from it. If the authorities still fail to attract businessmen to invest in the real economy locally and increase job opportunities for the grassroots, the wealth gap will only be worsened continuously.

Britain's Low Pay Commission even pointed out in its report this year that after the economic recession, investments in the low-pay industries had dropped most significantly and among these industries, investments in the catering sector had even drastically dropped by 40%. Hong Kong must keep this lesson in mind.

Regrettably, like the policy addresses in the last two years, this year's Policy Address lacks the perspective of job creation. Only the transport subsidy scheme is considered more desirable, while other measures for enhancing employment services are simply inadequate.

I am particularly concerned about unemployment among the youth in Hong Kong. The latest statistics announced last week show that the unemployment rate of young people aged between 15 and 24 has slightly increased by 0.3% to 14.8%. The authorities must be careful. Overseas experience shows that a minimum wage will further push up the youth unemployment rate. The authorities should prepare for the worst and must not take actions only when problems have emerged as it did before. Actions must be taken now to actively study the contingency measures.

The catering sector actually very much hopes to see the entry of "new blood", so as to sustain the healthy development of the industry. However, some members of the industry have already said that they would need to cut the expenditure on training when the minimum wage takes effect. This is not a good thing to society as a whole in the long term. The authorities must address this problem squarely.

When a minimum wage was first introduced in Britain, a lower level of minimum wage was set for young people aged between 18 and 21, and exemption from the minimum wage requirement was granted for graduates employed by SMEs during the initial period of their employment. Subsequently, an even lower level of minimum wage was set for youngsters aged 16 to 17. In July last year, a wage subsidy was provided to 20 000 trainees and three months after that, a new scheme was introduced to grant a subsidy for 10 000 university graduates working as trainees in SMEs.

Back to Hong Kong, the Government has only planned to extend the period of the 3 000 temporary posts and encouraged the young people to take up voluntary work. I really do not see how useful this could be. As for the Government's undertaking to increase the number of university places, this is certainly a good proposal and I will talk about it in the fourth session. However, the authorities must not neglect a group of young people whose performance is less well in school. Forcing them to carry on schooling is actually putting off the problem.

I, therefore, think that the authorities should seriously study the experience of other countries and explore ways to help the young people return to the real market, while providing opportunities for them to develop their potentials other than making them pursue studies. Particularly, the SMEs which are most in need of new entrants can provide such opportunities. This can increase the opportunities for young people to grow up and better still, enhance the competitiveness of SMEs and facilitate the balanced development of the market. I hope that the authorities can conduct detailed studies in this direction.

Another point in the Policy Address which I consider disappointing is its complete silence on the problem of inflation which has put the community in dire straits now. In fact, as many people mentioned over the past two days, Hong Kong's position is extremely special, as we are caught between the appreciation of RMB and depreciation of the US Dollar to which the Hong Kong Dollar is pegged. The various types of expenditure borne by the ordinary masses and small enterprises have hence been driven up altogether. The living of the people has become more and more difficult.

This problem actually involves many departments but regrettably, most Directors of Bureaux seem to be just looking on with folded arms. Secretary for Food and Health Dr York CHOW is an example. I have forgotten for how many

times I have told him that live chickens are outrageously expensive. Since he has said that the risk is low, can we import more live chickens or allow local farms to rear more live chickens? As the prices of chilled chickens have actually gone up a lot, this can slightly bring down the prices of live chickens. But he simply keeps on turning a deaf ear to me and pays no heed to my suggestion.

Deputy President, the prices of imported food have continued to rise and I cannot see signs of them coming down for a period of time in future. Faced with inflation, the public will have to face an increasingly greater pressure in living. The authorities cannot turn a blind eye to their plights. As you, Deputy President (who is the Chairman of the Liberal Party), said yesterday, it is hoped that the Financial Secretary will give us a concrete response in the Budget and at least, he should actively consider the proposal of the Liberal Party of freezing government fees and charges relating to the people's livelihood.

Deputy President, as the industry of Hong Kong has gone downhill for years and we have not seen any achievement made by the high value-added industries which have long been targets of development, we can only rely on the service and construction industries to provide jobs for the low-skilled population whose number is ever increasing. Now, just as we are assessing the extent of damage to be done by a minimum wage to the business environment, there are calls for enactment of legislation on standard working hours. The catering sector is indeed very worried.

Besides, I wonder if Members have noticed that far more snack food take-away eateries manned by just one or two workers have recently emerged in the market actually. I reckon that the catering sector has already been moving at a quicker pace towards the streamlined mode of operation in the West by hiring more workers on a part-time basis to reduce the cost of wages. The setting of standard working hours will only intensify this trend which will, on the contrary, cause more and more employees to be deprived of the protection of long-term employment. This may not be a good thing to employees at all.

Deputy President, a key point in this year's Policy Address is to appeal to society to show great concern for the wealth gap problem. Regrettably, many of the solutions proposed to address the problem are just slapdash measures which are too distant to solve a pressing problem.

As the Chief Executive said in paragraph 51 of the Policy Address, owing to such factors as an enlarged number of new arrivals from the Mainland and economic integration with the Mainland, low-skilled and low-educated workers are facing keen competition due to their excess supply. This is actually the cause of their stagnant wage growth.

Since the Chief Executive is aware of the crux of the problem, he should all the more understand that a minimum wage cannot in the least solve the problem at root. I am even worried that there are bound to be great changes in the catering sector in the face of the long-term pressure of the minimum wage. The series of measures including compressing job types, expediting the streamlining of operation, cutting the number of permanent workers and hiring more part-time workers will only deal a greater blow to the labour market. If the minimum wage is to take effect next year without the support of appropriate transitional measures, counter-effects will be resulted and the wealth gap in Hong Kong will become even more serious.

My advice to the authorities is that they must handle this carefully. As long as the excess supply of low-skilled workers remains unresolved, such measures as the so-called minimum wage and standard working hours will only be sugar-coated poison. In the long term, they will increase the Government's welfare expenditure and even undermine the competitiveness of SMEs, hence reducing their chance of moving up on the social ladder.

Deputy President, I so submit.

MR CHAN HAK-KAN (in Cantonese): Deputy President, I would like to speak on policies espoused in the Policy Address on the environment and health. Incidentally, I can see that the two Directors of Bureaux are in attendance. Before me, Mr CHAN Kam-lam has spoken on behalf of the DAB on housing policy in the previous debate session. As for myself, I have talked on various occasions about my stand of supporting the resumption of the production of HOS flats and demanding that the Government should face squarely the difficulties experienced by the middle class and young people in home ownership. So I would not repeat the arguments here. However, as I heard the Financial Secretary say outside the Chamber that the Government was determined to curb

the rise in property prices, I would like to cite three figures now to show my views on this issue.

First, since the announcement of the Policy Address, we can see that a view commonly found in the market is that the Government does not have the determination to curb rising property prices. The first figure I have got here is that property prices have continued to soar and the record of transactions at the 10 major private housing estates in Hong Kong show that prices have hit a record high since 2007. This is the first figure. Then the Financial Secretary pointed out earlier that according to information from the Hong Kong Monetary Authority, the prices of luxurious flats in Hong Kong have surpassed those in 1997 by 14% and for ordinary residential flats, the prices are just 10% lower than those in 1997. The last figure I got is the 2% to 3% pay rise suggested by employer bodies for next year. This pay rise is unable to offset the inflation rate, and it is negligible compared to the 20% rise in property prices.

Deputy President, what the people of Hong Kong need are not luxurious flats, clubs or swimming pools. All they want is a simple home. In my opinion, the My Home Purchase Plan introduced by the Government cannot meet the housing demand of the public, nor can it lead to steady development of the property market. What is more, it cannot help solve the problem of people who cannot afford the down payment to buy their first homes. So I am sure that these snails without a shell will continue to be so.

Deputy President, coming back to the theme of this session, I would speak on environmental protection policies first. I recall on the day when the Policy Address was delivered, another focus of attention of the public was our voting on a motion on the Tseung Kwan O landfill. Although the relevant order was negated by this Council by a majority vote and it seems that the Government is the loser, from another perspective, the controversy over the expansion of the landfill has aroused the concern of the community for the treatment of solid waste. I would think that this is a good thing.

Let us look at garbage disposal in Hong Kong. Personally, I would think that only one method is used and that is: dump everything into the landfills. But is the formulation of a basket of strategies on waste treatment that difficult? Deputy President, even if you ask a primary school pupil, he will know about the 3Rs, that is, reduce, reuse and recycle. This is because these school children

have learnt about them in their General Studies subject in school. This is simple enough. But it appears that the Government has not done enough in these three areas. It has not done its work. Secretary Edward YAU has always stressed that the Government has done a lot of work, that the recovery rate of municipal solid waste is close to 50%. Can we tell from this figure alone that work in waste reduction at source, separation and recovery, and recycling has been enough and that no more reduction can be achieved, or landfills must be expanded, or a levy on domestic waste must be introduced or incinerators must be built?

Deputy President, in the data cited in the *Monitoring of Solid Waste in Hong Kong* published by the Environmental Protection Department, there are two points which Members should note. First, the total quantity of solid waste disposed has indeed reduced in recent years. Last year, the quantity of domestic waste is 6 000 tonnes, a drop of 12% compared the figure in 2005. But the quantity of commercial waste during the same period is 2 950 tonnes, an increase by about 16%. So we can see that as the economy slowly recovers, it is expected that the quantity of commercial waste in the next few years would increase. Second, I would like to inform Members that now the average quantity of solid waste produced by each person in Hong Kong daily is 2.5 kg. This figure has not dropped during the last few years. Compared with our neighbours like Taiwan and South Korea, this figure is much higher than theirs. This shows that the amount of waste produced by Hong Kong people has been increasing throughout these few years past and waste produced by economic activities is increasing all the time. We must enhance our efforts in waste reduction at source before we can avoid having to expand the landfills and charging a levy on domestic waste.

Deputy President, we can see that the Environment Bureau has been intimating recently that consideration would be given to introducing a levy on domestic waste. The DAB agrees with the polluter pays principle. From the experience of the levy on plastic bags, we can see that imposing a levy would reduce the production of waste to a certain extent. But I wish to ask a question. Why should we target the ordinary members of the public from the outset? Deputy President, I pointed out just now that there is a trend of domestic waste reducing, but on the contrary, commercial waste is rising instead of falling. Why does the Government not target economic activities that produce a large amount of waste and instead eyeing at the pockets of the ordinary people? Is

this not putting the cart before the horse? If the Government hopes to reduce waste by financial means, it would be fine, but there should be priorities. The first thing it should do is to put into practice the producer responsibility scheme. At that time, the Government proposed to include six types of products in that scheme. But so far only the plastic bags levy is introduced. For the other five types of products, apart from electrical appliances on which the consultation work is complete, there has been nothing more than empty talk and no concrete work has been done in respect of tyres, packaging materials, drink containers and rechargeable batteries.

Deputy President, the next move is to focus on the increasing quantity of commercial waste. Since the types of waste produced by commercial acts are not many, it is believed that separation would be easier and the recovery channels would be sound. I think that if the Government can devise relevant measures, the quantity of solid waste produced by economic activities will reduce significantly.

If these waste reduction measures mentioned by me just now are all put into practice and yet the result is not marked, as a last resort we can consider a levy on waste underpinned by exemptions and incentives. Of course, discussions should be held on the details, including how exemptions are granted and how the plan should be implemented, and so on. I hope that Secretary Edward YAU can understand that a levy on domestic waste is only one of the means to reduce waste production and it is by no means the only one available.

Deputy President, on this issue of waste treatment, there are a lot of options. And there is one necessary evil, incinerators. Recently, Secretary Edward YAU claimed that he would not rule out the possibility of building more than one incinerator in the territory. There is even a study which points out that one incinerator can be built in each of the five major districts. Such a remark drew a lot of attention and responses. I doubt if the authorities have ever done any assessment of the scenario where there is more than one incinerator in Hong Kong, and on what the impacts on air quality and community environment will be. I hope the authorities can ponder over the necessity of building incinerators. The bold idea of building one incinerator for each district must not be raised because of political considerations, or because there is opposition in the districts.

On this idea of building an incinerator in every district, Taiwan is the best example, which is also a negative one. And Hong Kong should learn from it. Years ago the Taiwan authorities raised the idea of building one incinerator for every county or city in a bid to reduce waste. It became a policy direction subsequently. The aim was to build one incinerator in each county or city in the hope that the waste problem would be over and done with. Then six incinerators were built in Taipei City and the Taipei County and altogether there are 11 incinerators all over Taiwan. As other waste reduction measures were put into practice with vigour and effects seen, a problem arose and that was, there was not enough waste to be burnt in the incinerators. Local governments had to fight for garbage from other counties and cities or even buy garbage to maintain the operation of their own incinerators. For if not, toxic gases like dioxin are produced as a result of the temperature not being high enough at incineration. So with respect to this idea of one incinerator for each district, the Taiwan case shows that it is a total failure. I hope Hong Kong will not repeat the same mistake of Taiwan and commit this grave policy blunder.

On choosing the site for incinerators, I hope that the Government can learn from the lesson of its attempt to expand the Tseung Kwan O landfill. It would be ideal to pick a place far from human settlement, or even an uninhabited island. The District Councils and the local residents must be consulted and discussion with them must be held. And some kind of a compensation mechanism should be set up. By compensation, apart from Secretary Edward YAU's mention of building a thermostatic swimming pool and a recreation centre in the district concerned, efforts should also be made to see if power can be generated from the residual heat of the incinerator to supply electricity to the residents of the district concerned. This can be seen as a kind of subsidy for the electricity tariff of the residents.

Deputy President, another area of concern of the people is the impact of incinerators on public health and the environment. Therefore, the proposed incinerators should employ state-of-the-art technology that will cause the least impact on the environment. The Government must set up a mechanism to check the dioxin content of the air in the vicinity as well as its air quality, in order to allay people's worries.

Deputy President, on the question of air quality, not much is said in the Policy Address this year. I am sure we can all sense that no substantial change

has taken place in the air quality in Hong Kong in recent years. The Policy Address mentions that as a trial hybrid buses will be procured, older buses retrofitted with catalytic reduction devices and low-emission zones designated, and so on. I agree to all of these measures, but these are mainly aimed at the problem of poor air quality at the roadside. As for improving the overall air quality of Hong Kong, despite the series of proposals made, there is to date no news about when they will be implemented. I hope the authorities can speed up work in this respect.

The authorities often stress that emissions from the power plants are one of the main causes of poor air quality in Hong Kong. Hence the Policy Address suggests changing the fuel mix in power generation by reducing significantly coal-fired power generation and increasing the use of nuclear power up to a proportion of 50% of the total power generated. But the incident at the Daya Bay nuclear plant not long ago racked the nerves of Hong Kong people. They are worried that with the increasing use of nuclear power, risks of radiation leakage would rise. Meanwhile, green groups are concerned about the exploitation of nuclear fuels and whether or not processes like waste treatment would lead to more cases of leakage. Some experts question whether, with the building safety coefficient of the nuclear power plant increased and costs in treating nuclear waste risen, the cost of nuclear power is lower than power generation using natural gas.

Deputy President, I understand that not many options are available as substitutes of coal-fired power generation. But the worries of the public and the green groups are not unfounded. I hope that the SAR Government can co-operate with the Mainland in enhancing the notification system for incidents and increase the transparency of the management of the nuclear power plant. This will put the mind of the public at ease.

The DAB demands that the authorities should take active steps to foster energy conservation and emission reduction by the people. The people should be encouraged to use less electricity. It is unfortunate that ever since the shelving of the compact fluorescent lamps scheme, no new initiatives have been rolled out to encourage the public to practise emission reduction. Previously the DAB has advocated the carbon reduction points scheme many times. Put simply, if someone buys some energy saving products or whose electricity consumption has reduced, he will get certain points. The points thus

accumulated can be used to pay for the water tariff, rates, or leasing facilities run by the Leisure and Cultural Services Department. Many green groups have pointed out that they support the idea and think that it is feasible. They agree that this move can promote energy conservation in the community and enable all the people to take part in energy conservation and emission reduction work. I hope the authorities can give serious thoughts to this idea.

Deputy President, environmental protection is no slogan and it can never remain at the level of policy discussion and studies. Work must be done by the Government to promote and put the message into practice and foster community participation. Then the idea of "sharing prosperity" as found in the title of this year's Policy Address can become a reality.

Now, Deputy President, as Secretary Dr York CHOW is in attendance, I would like to speak on medical and health policies on behalf of the DAB.

Before the delivery of the Policy Address, the Food and Health Bureau announced a voluntary healthcare insurance scheme. In my opinion, this scheme is the most significant healthcare policy introduced by the Government of this term. I saw York CHOW go to various districts and meet with the people there and market this healthcare insurance scheme, just like an insurance agent selling policies.

The proposed healthcare insurance scheme, being voluntary in nature, is more desirable than the mandatory healthcare fund proposed before it. Another merit of the new scheme is that those people who have not taken out medical insurance policies or have been refused one can be included in this safety net.

As with many insurance products, the details of the healthcare insurance scheme are crucial. On the whole, there are three major concerns from the public about this voluntary healthcare insurance scheme. First, how much will be the premium? Second, is there any mechanism in place to monitor increases in premium? Third, what is the coverage of the scheme? When members of the public join this scheme voluntarily, they would hope to prepare for the future and get a sum of money for use when they fall ill. They are worried that the contributions would be eaten up by the administrative fees and the commission. And when they have to see a doctor, the coverage of the insurance policy is not enough to pay for the medical expenses. We can see in the healthcare market, it

is generally the doctors or the healthcare institutions that decide the charges. As the general public does not have any professional knowledge, it is hard to tell if the charges are reasonable.

The Government said that it would require private hospitals to offer packages and charge accordingly, and that would solve the problem. But many doctors' associations and private hospital groups have said that there are difficulties in offering packages and that they are impracticable. We think that if the transparency of fees charged by private hospitals is not high enough and the problem remains, the people would rather go back to the public hospitals and join the queue, instead of being ripped off by private hospitals. So if nothing is done to increase the transparency of charges, even if this insurance scheme is put in place, the people would still have to wait in the long queues at public hospitals for service.

To address this situation, the DAB suggests that the Government should do more. This is because the clinical treatment offered by the Hospital Authority is standardized, and it is believed that it keeps a lot of data related to treatments. If such data can be made public, this would help the public understand the costs of different kinds of treatment. A comparison would then be made easier and the work of the regulatory body to be formed later would also be facilitated.

As for the question of premium, now the reply from the authorities is that guidelines will be issued to require compliance by insurance companies. But it is not stated clearly whether or not the future regulatory body has any power of approval. If it does not have this power to approve of premiums, this regulatory body is a toothless tiger. The people can only pray for their well-being and hope that the premium will not increase every year. But they can do nothing even if the premium is increased every year.

Deputy President, on the question of money, in order to encourage the public to join this voluntary healthcare insurance scheme, the Government has set aside a sum of \$50 billion to set up a fund. The DAB thinks that apart from offering some general discounts, the fund can allocate money for specific uses, like helping the elderly and the chronically ill. This is because such people can hardly afford premium payment on a sustained basis.

Also, we know that this scheme is proposed in the hope of attracting more people from the middle class to join in and hence reduce their reliance on public sector healthcare. The DAB has on a number of occasions raised with Secretary Dr York CHOW the proposal of offering tax concessions to those who have taken out health insurance. But the reaction of the authorities to this is only tepid, saying that the tax base would hence be made narrower.

We know that it is common to change public behaviour through tax arrangements. Moreover, the tax deduction offered for healthcare insurance will only have a limited impact on public revenue. Conversely, it can encourage more people with the financial means to take out healthcare insurance and hence switch to the private sector healthcare system. At the same time, more people in need can have the time they spend on queuing up for public healthcare services shortened. This is a multi-win situation. I therefore hope that the Government should stop being mean about the loss of a little amount of revenue and reduce the appeal of this scheme.

Although \$50 billion is no small sum, it is estimated that the funding of \$50 billion is only enough to cope for a period of 20 years. Will more funds be injected by the Government 20 years later? This would be the concern for the governments of the next few terms. The DAB thinks that in order that this fund can operate on a sustained basis, the Government should set aside a small sum from the \$50 billion as an investment fund to make some profits. Even if it is calculated at a modest rate of return, the income can offset the expenses of the fund every year and thus the sum of \$50 billion can be carried on.

Deputy President, regardless of whether this voluntary healthcare insurance scheme is introduced or not, and how it will be introduced, we can notice that more people are using the services of private healthcare institutions in recent years. This results in a shortage of manpower and sick beds in the private hospitals. These hospitals can only headhunt the staff of public hospitals, thereby aggravating the manpower shortage in the public hospitals. In order to make the public recognize that this scheme will not result in a deterioration of the service quality of public hospitals, the Government should let us see a comprehensive plan on how medical and nursing staff will be trained in future and how talents will be retained. Apart from increasing the places in the post-secondary institutions, consideration can also be given to using the existing resources to flexibly allow doctors in private practice to offer medical

consultation in public hospitals, thus forging closer collaboration between the public and private sectors.

To strengthen partnership between the public and private sectors, the authorities have in recent years introduced many trial schemes to put into practice the "money-follows-the-patient" approach. Of these the Elderly Healthcare Voucher Pilot Scheme is the measure most talked about by the people. Deputy President, special mention is made in the Policy Address of this and it is said that \$1 billion will be earmarked for extending or enhancing the pilot scheme. The DAB welcomes this because the elderly persons are increasing in number and they are generally willing to receive treatments administered by practitioners of Western and Chinese medicines alike. The healthcare vouchers can alleviate their healthcare expenses.

There are shortcomings with this healthcare voucher scheme since its implementation to date. First, the amount of subsidy is not enough. Now each elderly person gets vouchers valued at \$250 and if the elderly person goes to a general out-patient clinic, the value will all be used up after two or three visits. If he goes to see a specialist, the value of the vouchers will all be used up in one visit. The next shortcoming is that the formalities for using the vouchers are complicated. The elderly persons will have to register in a clinic first and open an account before they can use these healthcare vouchers. Because of this, some elderly persons are reluctant to use these vouchers because of the inconvenience. I am also concerned about the loopholes in the implementation of the scheme. My office has received a complaint saying that some Chinese medicine stores cheated the elderly persons and said that the vouchers could be used to redeem items like ginseng, deer antlers and dried seafood.

If the authorities decide to extend the pilot scheme after review, the DAB would hope that the amount of subsidy can be raised from \$250 to at least \$1,000. The eligibility criteria should be lowered from 70 years of age to 65, coupled with enhanced monitoring of the scheme. These will enable elderly persons to truly benefit.

Deputy President, lastly, I wish to speak on the services of practitioners of Chinese medicine. I have pointed out many times in this Chamber that graduates of Chinese medicine have to face bleak job prospects. The Government is not concerned about this and it was only after years of fighting

that the Government agreed to set up Chinese medicine clinics and hire graduates as practitioners. But, as I have pointed out many times, the salaries of graduates of Chinese medicine are lower than those of graduates of Western medicine and also other healthcare personnel such as pharmacists and physiotherapists, and so on. All these people have a higher salary than those graduates of Chinese medicine. The DAB holds that this new generation of practitioners of Chinese medicine is vital to the development of hospitals in Hong Kong. This is because they have undergone good training in the institutions and they also have some knowledge of the treatment protocol of Western medicine. As more and more practitioners of Chinese medicine join the workforce, they will foster an integration of Chinese and Western medicines in Hong Kong.

I wish to appeal to Secretary Dr York CHOW once again to face up to the aspirations of the practitioners of Chinese medicine. By offering them a reasonable salary, these professionals can be retained. This will prevent them from switching to another occupation after studying Chinese medicine for a number of years owing to problems in making a living or low salary. If this happens, this means not just a waste of their time but also the precious resources of Hong Kong.

Finally, I wish to reiterate that the DAB hopes that Chinese medicine hospitals can be set up in Hong Kong to offer joint consultation of both practitioners of Chinese and Western medicines. I hope that in the four lots of land to be granted by the Government later for the purpose of building private hospitals, priority in the auction or the tender exercise can be accorded to institutions that can offer joint consultation service by practitioners of Chinese and Western medicines.

With these remarks, Deputy President, I support the original motion.

MR JEFFREY LAM (in Cantonese): Deputy President, this year's Policy Address has devoted about three pages to environment protection. In my opinion, the policy initiatives mentioned therein deserve higher marks. However, I think that marks should also be deducted, given that the post-2010 emission reduction arrangements for Guangdong and Hong Kong are still being taken forward.

Deputy President, it is already the end of October 2010 today, and 2011 will arrive very soon. In 2004, Guangdong and Hong Kong decided to adopt the air quality of 1997 as benchmark reference for drawing up emission levels for major pollutants in 2010. Today, however, not only has our air quality failed to fully meet the objectives set then, the post-2010 emission reduction arrangements are still nowhere to be found. As Members are all aware, the Legislative Council has to commence work on the new objectives. I hope the Administration can table the arrangements to this Council for vetting and approval before Christmas, or else Members will have to work overtime to endorse the arrangements.

In April this year, the Framework Agreement for Hong Kong-Guangdong Cooperation was signed between Guangdong and Hong Kong for the purpose of drawing up a series of initiatives to enhance regional collaboration and build a Quality Living Area, including formulating emission reduction objectives and proposals for 2011-2020. I hope these proposals can be implemented by the Governments of the two places expeditiously.

In order to improve roadside air quality in Hong Kong, the Administration has recently taken on board the proposal put forward by the Economic Synergy to retrofit, on a pilot basis, Euro II and Euro III buses with selective catalytic reduction devices for the purpose of reducing nitrogen oxides to meet the Euro IV standards. In fact, this method has proved effective in many places in Europe. Should the pilot scheme prove successful, nearly 4 000 Euro II and Euro III buses can use this cost-effective method to improve emissions, thus obviating the need to discard these buses in one go, which will otherwise impose additional pressure on landfills and fares. Meanwhile, this will also meet the objective of designating low-emission zones in busy districts such as Causeway Bay, Central and Mong Kok. Most importantly, I hope the Administration can draw a conclusion expeditiously after the six-month live test.

Deputy President, it is also mentioned in the Policy Address that the Government will procure six hybrid buses to test the serviceability of these buses in Hong Kong, including its capability of adapting to Hong Kong's terrain and climate. Meanwhile, a bus company is testing single-deck capacitor buses with the objective of achieving zero emission. I hope the Administration can draw on collective wisdom by enhancing liaison and communication with the bus companies in order to identify an arrangement most suitable for Hong Kong.

Air quality aside, climate change is also among the environmental protection highlights in this year's Policy Address. Although it is not yet known if Hong Kong will be hit by a super cold winter this year, the temperatures this morning ranged was 15°C to 16°C only, making this month the coldest October since 1997. (Appendix 1) Although typhoon "Megi" missed Hong Kong last week, people are still debating why Hong Kong would still be hit by a typhoon in October, and it was even a super typhoon. I recall the last super typhoon that hit Hong Kong was Wanda in 1962, and the territory has never been hit by a super typhoon since then. Now, we really have to face up to the problem of climate change.

Greenhouse gas emissions in Hong Kong are attributed mainly to the power stations. The most effective way to reduce emissions, therefore, is to use clean fuel for power generation. The Policy Address has not only mentioned the need to phase out existing coal-fired generation units, but also established objectives to achieve a fuel mix for power generation by 2020, with natural gas accounting for about 40%, coal no more than 10%, renewable energy about 3% to 4%, and the balance of about 50% by imported nuclear energy.

I believe all members of the public support emissions reduction. However, they are also worried about increases in electricity tariffs as a result of emissions reduction. In the fuel mix for power generation at present, coal accounts for 54%, with natural gas and nuclear electricity each accounting for 23%. According to the information provided by the authorities, at present, the cost per kWh of nuclear electricity imported from the Mainland is approximately \$0.5, the cost per kWh of coal-generated electricity is approximately \$0.4 to \$0.6, and the cost per kWh of natural gas is approximately \$0.7 to \$0.9. With reference to these prices, electricity tariffs will definitely rise if the fuel mix for power generation for 2020 is adopted. However, the Secretary has only indicated in the relevant panel that it is difficult to tell whether electricity tariffs will probably rise or remain unchanged. I hope the Secretary can give us some initial enlightenment expeditiously as I believe members of the public are extremely worried about increases, or even substantial increases, in electricity tariffs.

In discussing a new fuel mix for power generation, I think that the Administration and the two power companies should ensure technology and support facilities will meet the requirements as well as high transparency in profit

control, capital investment, and so on. Moreover, guarantees must be provided for a stable supply of electricity as well as stable electricity tariffs to avoid putting additional pressure on households and the commercial and industrial sectors.

Another area of concern aroused by the new fuel mix for power generation is the safety of nuclear electricity and disposal of nuclear waste resulting from the import of nuclear energy. I hope the authorities concerned can establish a closer and more direct notification and co-ordination mechanism with the Mainland authorities to ensure that Hong Kong will be notified promptly after the occurrence of incidents — of course, we do not hope to see the occurrence of incidents — so that contingency measures can be taken properly. Only in doing so will the public at large put their minds at ease.

Of course, a more proper method to reduce greenhouse gas emissions is to save energy by economizing on electricity consumption. I hope the authorities will not again resort to Energy Efficiency Labelling and the District Cooling System at the Kai Tai Development because the District Cooling System will not come into operation until 2013. However, energy saving is what we must do immediately, and at all times.

As Members have talked to great lengths about waste during the debate earlier on the problem of landfills, I only wish to remind the Secretary here that waste disposal should be treated as the last resort, and the most fundamental solution is reducing generation of waste at source and waste recycling. I hope the Administration will not put the cart before the horse. For this reason, I would like to say a few words about the levy on plastic bags and the EcoPark.

The imposition of a levy on plastic bags, which began more than a year ago, has proven markedly effective according to the Government. However, I have often seen some people in supermarkets carrying bags with no carrying handles, holes or strings because these bags are free, whereas they have to pay for plastic bags or environmentally-friendly bags. How many additional carrying bags with no carrying handles, holes or strings were dumped into landfills after the enforcement of the relevant legislation? Both pharmacies and small retail shops are also eager to find out whether the plastic bag levy will cover them as well. What is the way forward for the levy? Secretary, I hope you can let us and the public know expeditiously.

As for the Ecopark in Tuen Mun, it was originally scheduled for commissioning in 2006 for the local recovery industry to expand its operation. Subsequently, its commissioning was postponed to 2009, and only four tenants in phase 1 have commenced production so far. However, some operators have indicated that they are basically making losses because of inadequate recovered quantities of waste. According to figures provided by the Environmental Protection Department, only 1% of the waste recovered by the waste recovery system in Hong Kong is recycled locally. The remaining waste is shipped to the Mainland or other countries for disposal. The economic benefits brought by the recovery industry are enormous. According to a report published by the European Parliament, in terms of job opportunities alone, the number of posts created by the industry can be five to seven times higher than that created by the incineration industry. Secretary, recovery education and recovery work must be done properly.

Deputy President, I pointed out at the beginning of my speech that compared with last year's policy address, this year's Policy Address has devoted greater lengths to the subject of environmental protection. However, I hope the Administration will refrain from thinking that this means the results will definitely be better. What we strive for is "quality over quantity and no-frills".

The Chief Executive has also proposed in the Policy Address the establishment of a Community Care Fund (CCF) to be spearheaded by the Government and organized jointly by the business sector and the community. It is hoped that a total of \$10 billion, with \$5 billion to be contributed by the business sector and another \$5 billion from the Government's matching fund, can be raised for charity purposes. The objective of establishing the CCF is to support people in need in areas not covered by the social security system.

As representatives of the commercial and industrial sectors and small and medium enterprises, we in the Economic Synergy can feel the aspiration of the grassroots for improving their lot and sharing the economic benefits while hearing the voices of people from the commercial and industrial sectors expressing their hope of paying back to society and bringing benefits to the community.

Deputy President, over the past several months, I have noticed the emergence of the so-called anti-business and anti-rich sentiments in society. To a certain extent, such sentiments are political, seeking to put the business sector and the public in confrontation. In our opinion, most of the people in Hong Kong are putting all their minds into their jobs and actively striving for advancement and progress. It is just that as competition becomes increasingly fierce, the opportunities of upward mobility have been reduced. Many proprietors in the commercial and industrial sectors are scrupulous law-abiding employers prepared to share happiness and suffering with the people. We should not apply any uniform treatment to them with such labels as "all businessmen are unscrupulous" and "all rich people are heartless".

Well before the delivery of the Policy Address, we in the Economic Synergy already proposed that a fund similar to a poverty alleviation fund be set up by the business sector and spearheaded by the Government. This can, on the one hand, encourage the business sector to make donations, thereby boosting its confidence in saving resources for operating the Fund and, on the other, leverage on the Government's existing network to enable more needy people to receive help from the fund.

For this reason, we are pleased to see the idea of setting up the CCF to come to fruition. We will also actively complement the effort by proposing practicable measures to ensure that the CCF is used in a proper way.

Nevertheless, the launching of all new policies will invariably attract criticisms or comments of varying degrees. The Government should consider thoroughly and carefully all positive comments which are helpful to implementing policies, rectifying the inadequacies of policies and minimizing negative impacts. After all, the purpose of the CCF is to help people in need. It is hoped that we can see the results of the CCF expeditiously.

Deputy President, I so submit.

MR ANDREW LEUNG (in Cantonese): Deputy President, I mentioned in the Budget debate in April this year and a motion debate on improving air quality in May this year that we in the Economic Synergy had contacted some experts on

technology for reducing vehicle emissions and local companies early this year in connection with our proposal to introduce from overseas catalytic reduction devices to be retrofitted on Euro II and Euro III public vehicles for the purpose of reducing nitrogen oxides emissions, thereby enhancing the feasibility of upgrading the vehicles to enable them to meet Euro IV standards. Meanwhile, a proposal had also been submitted to the Financial Secretary. On the previous occasion, the Financial Secretary also proposed allocating \$300 million for the establishment of a Pilot Green Transport Fund in the hope of luring overseas manufacturers and technology institutes to come to Hong Kong for trial runs.

(THE PRESIDENT resumed the Chair)

I am very pleased that the Chief Executive has taken on board our proposals wholesale and, what is more, put forward a more specific proposal, that is, to set up a task force comprising the transport industry, the academic community, vehicle suppliers and relevant government departments to make preparations for testing the retrofitting of catalytic reduction devices and make recommendations. Should the test prove successful, the Government will finance the retrofitting of catalytic reduction devices for Euro II and Euro III franchised buses, whereas the bus companies will bear the additional costs of operation, maintenance and repairs in the future.

President, at present, bus manufacturers can only supply a limited number of buses annually. It is not only impossible, but also not environmentally-friendly, for all the 5 000 Euro IV buses pre-Euro buses to be replaced in one go. In order to improve air quality rapidly, we must make good use of technology. I understand that the bus companies keep an open mind on this trial scheme. I hope the scheme can be conducted at an early date for us to see the effectiveness and then for it to be implemented on a full scale. I am also aware that the Environment Bureau already held a meeting with the relevant companies last week.

Members should recall that in March this year, the Air Pollution Index hit its maximum of 500 in many places in the territory. While it is everyone's wish to have clean and fresh air, it is also everyone's responsibility to keep air clean and fresh. It is also essential for the Government to be committed to launching

new policies in a bold and resolute manner. This time, the Chief Executive has incorporated new requirements into the terms and conditions for franchise renewal with franchised bus companies, including requesting the companies to use more environmentally-friendly vehicles to run in busy road sections, while launching new measures to assist buses in reducing emissions. Such measures include, as mentioned by me earlier, the retrofitting of catalytic reduction devices and funding the full cost of procuring six hybrid buses for trial run, as well as the undertaking that similar support will be given if the bus companies are willing to conduct pilot tests on other environmentally-friendly vehicles, such as electric buses. I greatly support the Government's action and hope that the Government can continue to move forward in this direction.

President, besides buses, taxis are also popular among many Hong Kong people. At a meeting held on this past Monday by the bills committee on the legislative proposal on banning idling engines, the discussion touched on the studies conducted on these systems by local companies, the Hong Kong Productivity Council and The Hong Kong Polytechnic University. It was found that a device developed by a private company could supply cool air for a vehicle for one hour after the idling engine was switched off, and the cost of installation was somewhere between \$10,000 and \$20,000. Last month, we also contacted the participating company and the taxi trade. The latter has expressed interest in this system, which is still being tested, and hope that taxis can be retrofitted with this device. I hope the authorities can support taxis in reducing emissions and provide subsidy for the trade to install the device after the successful completion of the test of the system.

President, several months ago, I contacted a company in Hong Kong which was specializing in producing pollutant-absorbing-bricks with glass bottles and construction waste. It was facing difficulties in running its business at that time because it was unable to obtain a lot of construction waste. After we had conveyed the company's view to Secretary Edward YAU, assistance was offered by the Secretary to the company. In May this year, we could see places outside the Hong Kong pavilion at the Shanghai World Expo paved with these pollutant-absorbing-bricks, which were made in Hong Kong. Of course, it is good to use pollutant-absorbing-bricks. Not only can the burden on our landfills be thus reduced, our construction waste can also be recycled, thus reducing energy consumption and saving transport costs. As the bricks are produced

locally, our carbon footprint will be reduced substantially. Moreover, the special coating of the bricks can cause vehicle emissions to degrade.

I know that Secretary Edward YAU has discussed this issue with the departments under the purview of Secretary Carrie LAM. After two years of pilot tests, the Highways Department has decided, starting from the fourth quarter this year, to require in public road contracts the paving of pollutant-absorbing-bricks, with pedestrian walkways accorded the priority to use these bricks, which are made of glass. We hope this is just the beginning. I hope the Government can play its leading role even better by using more recycled materials or introducing the 10% or 20% objective in its future construction works, encouraging government departments to conduct more trials, and then encouraging more private manufacturers to produce more recycled materials. This can also ease the burden on landfills.

During a discussion in this Council on the expansion of the landfill in Tseung Kwan O two weeks ago, many colleagues expressed agreement in their speeches to starting with waste reduction and making more efforts in recovery. It was also mentioned in a news report last Saturday that after six months of operation, a plastic resource centre subsidized by the Government could handle only 100-odd tons of waste plastic monthly, or one fourth of the originally expected production, which fell far short of the expected target. The poor production, apart from a lack of regular collection as a result of the unattractive price of plastic bottles, is also due to the fact that 20% of the waste plastic collected from housing estates, schools, and so on, are plastic waste and refuse that cannot be recycled, such as printer cartridges, circuit boards, wires, and so on. Moreover, the three-coloured recycling bins on the streets are often crammed with other refuse. Meanwhile, we have to handle 9 000 tons of refuse daily. Given our opposition to the continued expansion of landfills, we must consider how recovery can be done properly, how members of the public can be educated to separate waste properly, and whether there is a need to expeditiously construct state-of-the-art incinerators instead of relying solely on landfills to solve the problem.

A couple of days ago, a research scholar at the Hong Kong Baptist University proposed that state-of-the-art incineration technology be introduced into Hong Kong to reduce the production of dioxin during the incineration process. The scholar even pointed out that the production of dioxin could be

further reduced by burning less plastic waste or dangerous waste, such as electronic components. Every member of the public is duty-bound to reduce waste and reduce emissions. As the first step, we must reduce consumption and make more efforts in recovery. In fact, since the beginning of this Session, I have seen many Members, like me, bring their iPad to attend meetings here. I hope Honourable Members can make good use of technology, print less paper, and reduce waste at source.

President, in this year's Policy Address, the Chief Executive came up with a novel idea, that is, the establishment of a \$10 billion Community Care Fund (CCF), with the Government and the business sector each contributing half of the CCF. Let me borrow this remark made by Chief Secretary for Administration Henry TANG. Like mending a net, support will be provided on various fronts to members of the grassroots left out of the social security net. This will assure the basic living of the socially disadvantaged groups, and in particular, create opportunities for young people to move upward. As pointed out by Mr Jeffrey LAM just now, we have put forward a proposal to the Chief Executive earlier on setting up a fund spearheaded by the Government with the participation of the business sector to provide assistance to the needy in society. As the net-mending work has to be carried out with a new mindset on various fronts, I hope the operation of the CCF will not overlap with the existing welfare and charity events. Moreover, the application and approval procedures must be simple, thereby minimizing the administrative costs and enabling donations made to the CCF to be truly used on people in need. Chief Secretary Henry TANG also pointed out that the Steering Committee to be set up for the CCF would comprise representatives from the business, professional, social welfare, education and academic sectors, and the influence of the CCF should be fully exploited by drawing on the expertise, experience and networks of these people. I greatly agree with this.

Apart from making donations, the commercial and industrial sectors can also participate in efforts of supporting the grassroots in different manners. For instance, entrepreneurs can share their experience to assist social enterprises or persons trying to start their own businesses in providing services. Private medical practitioners can donate their time by providing several hours of free medical consultation for the chronically ill on a weekly or monthly basis. Pharmaceutical firms can donate medicine for free medical services, whereas medical equipment in clinics can be used to provide examination and scanning

services for patients. Healthcare personnel can also spare some of their private time, whereas the actual expenditure of using the equipment can be met by the CCF.

The community can also give young people more support. According to a survey conducted earlier, even though young people are not optimistic about upward mobility now, they remain positive in facing the present situation, believing education and continuing education can help enhance mobility. They also believe personal efforts and the ability of seizing opportunities are more important than family backgrounds. Such a conventional Hong Kong spirit is praiseworthy. Although not all young people of this generation possess high academic qualifications, they have a lot of ideas and infinite creativity. Many young people are also willing to try and work hard. As Hong Kong aspires to developing the creative industries, we might as well give young people more support in this area, and encourage the business sector to give them more internship opportunities, so that young people can understand and give full play to their own strengths, realize their own inadequacies and make improvements, upgrade their personal skills, broaden their outlook, and accumulate working experience. In this way, their upward mobility in society will be enhanced.

I propose that the Government launch a pilot scheme to help young people aspiring to starting up businesses to do so with the assistance and support of the Government. For instance, under the participation and support of high value-added industries, assistance can be given to young people with design talent to participate in these industries. Alternatively, encouragement can be given to highly creative young people who are well versed in computing to write Apps by offering them a monthly subsidy of \$10,000 or several thousand dollars, giving them one year's time, recruiting experienced experts to lead them, teaching them programming skills and offering them tips on drafting proposals and marketing and, lastly, teaching them how to carry on a business. The synergy thus created through collaboration between the Government and the business sector can help young people add value to themselves and hence give them support in starting up businesses. I agree that capable persons in the community should offer a helping hand to the elderly, the weak and the chronically ill. But for young people, the community should give them opportunities of training and teach them fishing skills because we will not give them any fish.

President, I so submit.

MR ALBERT CHAN (in Cantonese): President, this debate session is on "Quality City and Quality Life". In fact, many opinions had been put forward when the Government outlined its vision for 2030 during the review of Hong Kong's overall town planning. On three separate occasions when I put forward my views to the Government, I pointed out that the biggest problem confronting Hong Kong was town planning. Very often, planning needs were based on administrative or management convenience rather than the realistic needs of the people in living. We can see this in newly completed towns, including Tseung Kwan O and Tin Shui Wai — the latter has even given us a bitter lesson. Basically, the community environment and the facilities provided by the Government in some individual housing estates in Tin Shui Wai cannot satisfy the needs of residents living there. There is simply too little public space for use by the residents. Quite a number of Members have received complaints that many residents living upstairs suffer from the noise nuisance caused many residents in Tin Shui Wai singing and practising *tai chi* on the river banks in the evenings.

From this, Members can visualize the city planned by the Government — people are expected to do exercise in stadia, go swimming in swimming pools, or visit shopping malls. In other words, people can freely enjoy the facilities planned by the Government. However, insofar as town planning is concerned, it can be said that there is nothing at all for the people or conventional community activities. In the minds of senior officials in Hong Kong, quality living means that members of the public can go shopping in brand-name shops and then enjoy afternoon tea in the Peninsula Hotel, the Four Seasons Hotel or the Mandarin Hotel. If they like, they can go to an opera or a musical. This is probably what quality living means. The West Kowloon Cultural District is also designed in this way. However, it can be said that the Government has absolutely neglected the social life of the general public. I hope the Bureau Directors, particularly the Secretary for Home Affairs, can give more encouragement and instructions to town planners that the needs of the general public must go hand in hand with town planning.

President, the numerous recent discussions on environmental protection or the overall strategy on waste disposal are all induced by the Tseung Kwan O landfill. This issue has also been raised with the Secretary many times before. Actually, in order to tackle this problem, we must start from the basics, right? In other words, you must go back to the first step — what are the overall waste disposal strategy and policy? First of all, you must stipulate separation of waste

at source and make waste separation mandatory. Moreover, this has to be done through legislation and administrative means expeditiously, because this is the most important step for disposal of all waste. In many places around the world, waste separation has been done for decades. But in Hong Kong, this is still being done through encouragement or financial incentives. Some elderly people collect cardboards in order to earn \$10 to \$20. In fact, such work should be replaced by waste disposal at source. This is the first step. And then, in respect of recycling, the Government needs to recycle separated refuse in a systematic and strategic manner. This is the second step.

The third step concerns disposal. Should landfills or incineration be adopted? I have talked about this for more than a decade. Since the 1980s, many advanced places around the world have switched from landfills to incineration. It seems that the generation of power by the sludge treatment plant in Tuen Mun is a new proposal. However, many overseas places have been doing something like that for two to three decades. In the 1980s, a similar proposal was already put forward by us in the Regional Council. At that time, the Regional Council was powerless in exercising its discretion to use incinerators to generate power because of its powers and responsibilities. As a result, the Government ruled out the possibility of the Regional Council using incinerators to generate power, citing the franchises enjoyed by the two power companies. These were the remarks made by the Government in 1988 in its reply to the Regional Council. I have no idea why the Government can now engage in power generation without being challenged by the two power companies. Has there been a change in policy, or was the then Regional Council cheated or misled by the Government?

President, the fourth major point I wish to raise concerns the disposal of construction waste. The present situation in Hong Kong is very ridiculous — construction waste is shipped in barges to Zhongshan to assist with the reclamation works being carried out there. In fact, I already raised the point years ago that construction waste was actually a kind of resources, and that the Government should give this consideration. It is an indisputable fact that Hong Kong needs to carry out reclamation in the long run. However, it must be decided in advance where reclamation should be carried out. In fact, it is most ideal for construction waste and reclamation to be taken into joint consideration. The Government should not resort to marine sand dredging hastily whenever reclamation is to be carried out. It must have long-term planning by deciding in

advance the places where development and reclamation will be necessary in the next decade or two and then using our construction waste to carry out essential reclamation works. This is because over the past decade or two, marine sand dredging was carried out on a large scale whenever reclamation was required, thus causing serious damage to our seabed and marine ecology. And then, a large amount of money was wasted to ship the construction waste in barges to Zhongshan for disposal or identify a large piece of vacant land for storing the construction waste. We can therefore see the inconsistency in policies. With the Environment Bureau, the Development Bureau and the Home Affairs Bureau being responsible for environmental protection, development and home affairs respectively, there is a lack of co-ordination between policies and consequently, an enormous waste of resources and policy mismatches.

For this reason, waste disposal requires vision, long-term planning and strategies. The Government must absolutely not act hastily and, what is more, be short-sighted. The entire Government and various Bureaux must make complementary and co-ordination efforts before all of these can be put into implementation.

As for the second issue, I would like to talk about sports. Actually, I already spelt out years ago the seven sins committed by Hong Kong in sports, especially the serious problems with the National Sports Associations (NSAs) in Hong Kong. One of the major reasons for my opposition to bidding for right to host the East Asian Games (EAG) and the Asian Games is that I deeply feel the corruption, backwardness and feudalism of the sport bodies under the NSAs in Hong Kong. For example, there are instances of outsiders leading insiders, black-box operation, breaching of constitutions, and so on. The Hong Kong Shooting Association (HKSA) is a prominent example. The establishment of the HKSA is basically in violation of its own constitution. Besides, proceedings were brought to court. Of course, technically, some lawsuits the complainant lost the case. However, it is pretty obvious that the establishment of the HKSA is in violation of its constitution. It is based on this that the Government considers it inadvisable to intervene in this private organization. However, the HKSA is funded by public money. Moreover, it has participated on behalf of Hong Kong in many events, including the EAG, right? The problems with the HKSA and the Judo Association of Hong Kong and the internal problems with the numerous NSAs are actually extremely dirty.

These problems will surely remain so long as there is no improvement, concrete action and bold and resolute overhaul. I said this when I criticized the Hong Kong Football Association (HKFA) more than a decade ago, "Football has no future in Hong Kong if the HKFA is not revamped!" This remark of mine was already made in the mid-1990s. Therefore, the Government cannot neglect the problems with the NSAs and remain indifferent. Although I have discussed a lot of issues with Mr Timothy FOK in private, he has obviously failed to do anything to lead, restructure and tackle these problems, despite his being a representative of the sports community. Although I had invited him to hold discussions with a number of groups, no action was taken after the discussions. In fact, the HKFA is an example, right?

The Government is now planning to resume a shooting range belonging to a sister club of the HKSA, which has been refused participation in the work of the HKSA. Of course, it is uncertain if this will lead to judicial reviews in the future. For this reason, I hope the Secretary for Home Affairs can really pay attention to these issues. Perhaps you emphasize harmony too much. Whenever controversial issues like this one arise and people complain to you, you might not take them seriously unless the complaints are lodged by rural committees.

I would like to tell you the problems with the NSAs in Hong Kong. The Mainland — the Secretary is very patriotic — to tackle the corruption problems with the football associations in the Mainland, the Central Government has ordered a complete overhaul, resulting in the prosecution of several senior staff members. But the serious problems with the NSAs in Hong Kong still exist, despite the fact that we have been talking about these problems for more than a decade. This is why the Secretary should make more efforts in restructuring these bodies. This is even better than making preparations for hosting the Asian Games.

President, the last two points I wish to raise relate mainly to the Community Care Fund (CCF) and the licensing regime for the property management industry.

First, the CCF. In fact, the League of Social Democrats (LSD) has, since four years ago, proposed to the Government in debates on policy addresses and budgets for four consecutive years the establishment of a fund for improving the

living of the grassroots. The amount we proposed at that time was \$20 billion, to be contributed by the Government. But now, the Government wants to "pay less" and "back out" by contributing \$5 billion, with the other \$5 billion to be chipped in by consortia. Actually, we put forward our proposal at that time because we saw that many socially disadvantaged groups and low-income earners were living in dire straits and they were not covered by the Comprehensive Social Security Assistance Scheme and other subsidies. We had also given a checklist to the Government. I also gave the Secretary a document the other day in the hope that he can really give it consideration. In order to address the suffering of the poor people, it is hoped that through the setting up of a fund, a long-standing fund, certain gaps can be filled. However, the Government behaves like a spin doctor. It merely knows how to apply make-up for beautification purposes. The actual substance and needs are still neglected. I hope the CCF is not a product of spin doctors. Instead, it should be operated like a service provided out of conscience, love, and care for the needs of the grassroots.

Lastly, President, we have come to licensing for the property management industry. In fact, this proposal was mooted by the Home Affairs Bureau more than two decades ago. However, nothing was done after the completion of the consultation. In making proposals to the policy addresses over the past many years, the LSD made the same proposal and requested every year that legislation be enacted to regulate property management companies. According to the proposal put forward by us at that time, two categories of licences should be issued and a three-tier licensing regime be established. Just as corporations have to apply for licences, management professionals should be issued with professional licences, as with the case of estate agents. By a three-tier licensing regime, I mean that there must be different ways of registration and grades, so that the licences issued can target housing estates with different assets and different numbers of households. For instance, housing estates with 100 units or below belong to the lowest class. Some major housing estates, such as those with 2 000 units and above, might require licences of the highest class. The licence must be commensurate with the assets, experience, and so on. This three-tier licensing regime and the issuance of two categories of licences can therefore achieve greater effectiveness in regulation.

It is most important to ensure that the relationship between professional management and consortia can be defined clearly. The original purpose of the

licensing regime is definitely not to allow professional management to serve the consortia by cheating, misleading or oppressing small owners. Therefore, clearly defining the relationship between professional management, major consortia and property developers plays the most important role in the entire legislation and licensing regime.

President, just now, I mentioned that the CCF resembles the brainchild of a spin doctor. Similarly, the entire Policy Address is used to serve the purposes of redecoration and beautification, which is very much like a spin doctor in many ways. However, it lacks substance and sincerity. These are (*The buzzer sounded*) the criticisms and grievances expressed by the people in Hong Kong against the Government.

MS STARRY LEE (in Cantonese): President, in this session, I wish to talk about the part relating to building management and building safety in this year's Policy Address. In fact, this year's Policy Address has devoted relatively more passages to matters in these two areas. It has answered the aspirations of the public directly and also taken on board some of the DAB's proposals. The Government has also allocated additional resources to these areas and proposed specific measures. On the whole, compared with the policy addresses of the past several years, a greater effort has actually been made this year.

Paragraph 44 of the Policy Address points out clearly that the Government will introduce legislation to tackle the problems of building dilapidation and unauthorized building works (UBWs), including "sub-divided units", which have drawn widespread concern in the community. Also, it will better handle public complaints and step up enforcement action against UBWs. When I made visits to the local communities, some members of the public also expressed their approval of the Government's inclusion of matters relating to "sub-divided units" and UBWs in the Policy Address this year, as this shows the Government's sincerity in dealing with these problems. However, the public still hopes that the work in this regard can be done in a more thorough-going and in-depth manner because ever since the building collapse on Ma Tau Wai Road, the issue of building safety has aroused great social concern and in fact, this problem has long been bothering the Hong Kong public and the SAR Government.

In the last meeting of the Panel on Development, the Secretary for Development also pointed out that in the future, the Buildings Department (BD) would commission consultants to conduct a survey of all the UBWs in private buildings throughout Hong Kong and establish a database for UBWs. I consider this measure very desirable. On the last occasion, I also suggested one point to the Secretary and I also formally raise it again here, that is, the public have all along reflected to us that sub-divided units should also be regarded as UBWs. When the BD sends professionals out to inspect UBWs, if they find any sub-divided units in visual inspections, they must also record them in the database. The public are concerned that although a sub-divided unit is only a unit, many buildings have now been subdivided into many units and take a building in the small district to which I belong as an example, many members of the public told me that of the hundred or so units in it, almost a quarter and even a third of them are subdivided into smaller units. They are very concerned about the effect of sub-divided units on the building as a whole.

We understand that sub-divided units actually provide accommodation to some grass-roots families. We also understand that the authorities' responsibility is not to eliminate them altogether but to bring them back onto the right track from the present state where regulation is lacking. One task is to ensure that the quality of the works of subdividing units meets safety standards and second, these buildings must be monitored from an overall perspective to see if the number of sub-divided units will affect the overall structure of the building concerned and what their overall impact on the building is.

President, tenants and owners of old districts are facing four major problems. The first is building dilapidation; the second is sub-divided units; the third is UBWs and the fourth is water seepage. In fact, in recent years, the Government has proposed some new measures to deal with the first three problems. In the policy address last year, the dilapidation of buildings the Budget once offered a generous package, that is, the Operation Building Bright. This measure has benefited the public directly as well as speeding up the process of building rehabilitation. Here, I wish to mention in passing that since many District Council members and even friends in the local communities were aware that the Legislative Council would conduct a debate on the Policy Address today, they asked me to tell the Secretary that since she has accepted our view on relaxing the restrictions on the eligibility for the quota of 400 property owners in

the future and since they knew that many people would make applications, they were worried that they might not be able to obtain funding. For this reason, they hope that the Secretary can apply for the allocation of more resources in the Budget, so that more buildings can be benefited. Since a lot of people have indeed raised their requests in this regard with me, I again take this occasion to reflect them to the Secretary.

This year, there are measures targeting sub-divided units and UBWs but so far, on the problem of water seepage alone, no specific response from the Government can be seen. It seems that water seepage problems are only minor issues, should they be discussed in this venue? However, I can tell the Secretary and Members that to the affected residents, this is really a serious problem and I would also take the time to meet residents in local communities regularly on account of such matters. Recently, when I visited the local communities, apart from hearing residents say that property prices were very high and their call on us to let the Government do more, I also met some complainants who had sought assistance from us regarding water seepage problems and once they came to this topic, they would talk for at least some 10 minutes until they were almost bursting into tears, saying that they were unable to deal with the relevant problems. I hope the Secretary can consider this problem seriously again. I once came across a most serious case in which the problem had dragged on for four years but so far, little progress has been made. Recently, the ownership of the rooftop changed again, so it seems there is a ray of hope. However, the department concerned said, "Since the ownership has changed, the dye test conducted in the past has to be done again." In other words, if the new property owner is unwilling to co-operate, it is estimated that the nuisance caused to the residents downstairs — in fact, there is no need to estimate — according to our past experience, it is not possible to resolve such problems in one or two years, so each time I visited the local communities, I would always come across a couple of these small property owners who had complained to us before. These small owners are most puzzled that since fines are imposed even for dripping air-conditioners, why do they have to be subjected to the nuisance of water seepage every day? So long as the property owners upstairs know how to exploit the red tape and adopt an unco-operative attitude, they can make such matters drag on. We have been thinking about what solutions to this problem there are. I have reflected to the Secretary many times that the procedure of the Joint Office for Investigation of Water Seepage Complaints (the Joint Office) must be streamlined. Even if you cannot do anything, at least, a simple reply

must be given to all the people concerned rather than keeping them waiting for several years.

In addition, at present, the most fundamental problem is that the people affected are feeling anxious about the problems but the people causing them are not in the least anxious because they themselves are not affected. They are even unwilling to let workers enter their premises to carry out a dye test. This situation makes the affected party feel extremely unfair. Some kaifongs have also told us that apart from suggesting to the Government the possibility of speeding up the process of entering premises to conduct tests, they had also proposed that if a unit was confirmed to cause water seepage, apart from issuing a statutory Nuisance Notice to the people concerned, penalties should also be imposed. For example, the expenses incurred by testing should be recovered and even deterrent sanctions should be imposed to make owners of sub-divided units or owners who make others suffer from the misery of water seepage know that they have to assume some responsibility. I also find such suggestions quite reasonable. I hope that after the establishment of the team on building safety, the Secretary can include the water seepage problem as an important item on her agenda.

Next, I wish to talk about building management. Although the effectiveness of the Joint Office is limited, the Government has to send people to carry out inspections anyway. However, many owners have told us that the enforcement of Chapter 344 bothers them very much because the ordinance has not actually designated a department to help small property owners in dealing with disputes. We all understand this situation and in fact, we are not putting the blame solely on the Home Affairs Department (HAD) because under the legislation, they do not have the power of law enforcement, so the public can only approach District Council members for help. We all understand that just like the HAD, District Council members do not want to offend anyone in their neighbourhood, so in the end, the conflicts are referred to you and even to us. In the final analysis, no one is in a position to solve the problems.

Earlier on, we also said that we hope the Government could consider establishing a Building Affairs Tribunal. I have also told Members on various occasions that although I understand that the problems involved are rather complicated and it may not be possible to implement the proposal within a short time, I still hope that the Government can give this matter some consideration

because if the problems relating to law enforcement are not dealt with, the disputes among property owners will only continue to trouble them and in this way, it will not be possible to create a harmonious community and the number of reports received by the Independent Commission Against Corruption will only increase by the day. As a result, there will be an increasing number of reports of corruption in Hong Kong. In fact, many of the disputes do not involve major issues and it is only due to Chapter 344 of the ordinance and the enforcement problems that the figures have remained high.

Here, I wish to talk about some matters in two other areas. The first is urban renewal. I am grateful to the Government for including the DAB's proposal concerning the "flat for flat" arrangement in respect of the Kai Tak Development in the Policy Address. After reading the Policy Address, members of the public all said eagerly to us that they hoped their flats could be exchanged for another flat or that the proposal of the Urban Renewal Authority serving as a facilitator could be implemented as soon as possible, so that owners affected by redevelopment can realize their wish of redevelopment through these new measures.

Finally, I wish to talk about the development of the areas surrounding Kai Tak. It is expected that the cruise terminal will be completed in 2013. However, at present, the transport links within the new Kai Tak area and between Kai Tak and its surrounding areas, including Kwun Tong, Kowloon Bay, Kowloon City and To Kwa Wan, have yet to be finalized. The public hope that in the future, a light rail or environmentally-friendly transport system will be available to connect the old and new areas. On the one hand, a form of environmentally-friendly transport will be available in the new area, and on the other, it is hoped that the development of the new district will also give impetus to the development of old ones. I hope the Secretary can consider the views of the public before announcing the plans.

President, I so submit.

PROF PATRICK LAU (in Cantonese): President, the theme of this session is "Quality City and Quality Life". Of course, our life is closely related to the city. This year, I have assumed the chairmanship of the Panel on Development. We have held only two meetings to date, but the chairpersons of many other panels

have already approached me, asking me if joint panel meetings could be held with their panels. I think Secretary Carrie LAM also knows about this, so this shows that she really has heavy responsibilities. Why do I say so? Because if we really want to implement all the policies proposed in this Policy Address and do a good job of them all, a great deal of effort needs to be made in development and planning. Secretary Carrie LAM often talks about connectivity, and so did Ms Starry LEE just now. There are many things that we have to connect together. For this reason, if many of the initiatives raised in the Policy Address cannot be connected together, how possibly can we have a quality city and quality life?

In the last session, I have already talked about urban renewal, sustainable development, inflated buildings, building safety and property management. Ms Starry LEE also talked at length about them just now. Of course, all these areas come under the ambit of Secretary Carrie LAM. However, if we look at the third and the fourth parts, which are about planning, development through reclamation, the 10 major infrastructure projects, the six industries with clear advantages, tourism, logistics, professional services, environmental protection, improving water quality in Hong Kong, and so on, and even fishing, nature conservation, cultural development or sports development, we will find that all of them call for a concept of progressive development in us. Otherwise, it will be difficult to have a quality city, as we hope for. Therefore, if we want to work towards this goal, I think the most important thing is sound planning.

President, sound planning requires a great deal of study and analysis. First, we have to know what elements in this small place called Hong Kong have created our city. In fact, there are many things in our city that are fixed and unchangeable. Take conservation as an example, we must learn in earnest about which heritage buildings have to be conserved, since not everything is worthy of conservation. Another example is the natural environment and the ecology. In fact, if we have not yet discovered or do not know which parts merit designation for prohibition on development, we should refrain from developing it by all means. In addition, I think that environmental protection is very important in many ways. For this reason, Mr LEE Wing-tat was the first person who said to me that in relation to housing, we had to identify some sites and he asked me if I could discuss this matter with Secretary Carrie LAM together with him. Certainly, if we cannot identify any sites, how can we implement the My Home Purchase Plan and how can the development of public housing be sustained? All these matters are very important.

In addition, Ms EU also said to me that if development is not considered together with the environment, how can it be successful? Therefore, in many ways, when we plan for landfills or country parks, nature and planning are equally important. As regards tourism, Mr TSE is now also present. He also asked me if overall planning was necessary for tourism. Since there are so many things in Hong Kong, what actually should we promote to visitors, so that they would consider Hong Kong worth revisiting? This is also very important. In fact, as early as the 1970s, I already conducted some studies on old buildings in the rural areas in Hong Kong. At that time, the Hong Kong Tourist Association provided funding to me, asking me to study what spots visitors could visit in Hong Kong instead of just going shopping. For this reason, my students and I made site visits to places all over the New Territories in hot weather. Of course, I did not go myself, rather, my students were dispatched as the vanguards. In fact, there are many beautiful old buildings in rural Hong Kong and we all know that there are five major clans in the New Territories. Their migration to Hong Kong is an important piece of history and all of them have created very beautiful villages, ancestral halls and study halls. There are many old buildings that can enable us to understand our own culture. After I had conducted this study covering many areas, the Government valued it very much and my study brought about the subsequent establishment of an office to develop old monuments. As a result, these old monuments were preserved and a lot of resources were allocated to their preservation.

However, the question is how we can impart knowledge of these places in visitors when they visit them. Moreover, these places have to tie in with tourism, for example, through the construction of roads, and information centres must be easily accessible to visitors. All these require comprehensive planning. So, in this regard, I wish to point out today that if we want to have a quality city and a quality life, naturally, planning is the most essential and important aspect.

President, I wonder if you have read a planning report concerning 2030. It is very important, for it talks about the situation in 2030. However, after reading it, one would wonder why, despite having carried out consultation for such a long time and having worked on this matter for such a long time, the conclusion is just like that. The problem is that we do not have any special idea about 2030 now and there is only a framework, that is, there will be a population of 8 million in the future, so it may not be necessary to launch development in many areas. For this reason, only an area in the north will see more substantial

development, with such developments as urban renewal projects accounting for the remainder. However, having come to 2010, we realize that so many problems still exist and the Policy Address has highlighted them one by one. In view of this, is there any problem in our planning?

Of course, nowadays, we consider consultation most important and consultation has to be carried out on everything. Everything has to be published in paper, but I do not know why it is necessary to do so. In fact, it is necessary to have a goal and a principle when carrying out consultation to let the public know what the Government is doing. For this reason, insofar as planning is concerned, I hope that consideration can be given anew to a clear direction and longer-term goal. Generally speaking, planning must be conceived with the whole city in mind. What kind of city does one want? Our city is a financial one and there are no industries. We have to carry out planning on this basis, reach a conclusion after examining which parts of the entire city can be developed and which parts cannot, and then carry out careful analyses of each part and draw up a design.

President, this design is very important. The planning of Hong Kong is all carried out in a one-dimensional way. As we all know, the natural landscape in Hong Kong is beautiful and it is multi-dimensional. It will not do merely to rely on an outline zoning plan to point out in a one-dimensional way what the uses of various places are, then complement them with roads and think that this is planning. In fact, planning is very important, it is about making use of the advantages, settings and complementary facilities of the entire city and envisaging how they can be connected together. This is very important. We have talked for a long time about the concept of planning and now there is a small exhibition in the City Hall. President, you have visited many cities in the world and you must have seen that all cities attach great importance to this aspect, so as to let their dwellers see what the future plans for their cities are to enable them to envision how their cities will be like.

I have served on the Town Planning Board (TPB) for almost eight years and I find it strange that there are not many professionals on the TPB. Rather, there are many people of varied backgrounds. Most of them do not understand the plans because plans are rather complicated things. I once suggested to them that it would not work this way. In fact, each time, a large model of the whole of Hong Kong is needed to let us visualize how things would be like when discussing a certain development project and let members know which part of the

city they are talking about. Only in this way can they be in a position to express their views, understand the ideas of the applicants and the opposition of the public. It is only in this way that they can see the whole picture and make a realistic decision, is it not? Therefore, in reality, this is not a one-dimensional matter and the quality city that we are talking about is three-dimensional. We have to conceive how to infuse life into this city. For this reason, I hope that Secretary Carrie LAM will have multi-dimensional thinking and when the public are consulted in the future, they can be made to see what the issues floated for consultation are and the difficulties faced by us, for example, that Hong Kong is a high-density city, as well as various other aspects.

In the Policy Address, there are many passages on the issue of green transport. Of course, I agree with this very much. Concerning green transport, Secretary Edward YAU wants to promote such things as green buses but President, can you guess what I think is the greenest form of transport in Hong Kong? In fact, it is our escalators. First, there is no need to pay any fare and second, users only have to step onto them, so they are even greener than trams. Many people say that trams are already quite green, but I think that if we want to complement various means of transport in Hong Kong, the best thing is actually to put in place travellers for pedestrians and they can draw the largest number of visitors. Near my office, a world-renowned escalator link can be found and this form of pedestrian transport can connect us to public transport. Only in this way can the city be developed into a sustainable one; a lot of energy can also be saved and the issues relating to low carbon emission can also be addressed. If we want our city to become a green city, we can make improvements from an overall perspective. Apart from the road network, we can build more pedestrian facilities at busy bottlenecks. In fact, I know that many proposals were raised in the policy address last year, but it is not easy to implement them. Hence, it is necessary to do more in planning and design.

Finally, I wish to talk about matters relating to sports since the Secretary is present. I agree with and hope very much that I know that many Honourable colleagues oppose the bid to host the Asian Games, but I think the most important question is actually how best suitable athletes can be groomed for Hong Kong. I have taken part in the design of many schools in Hong Kong and I think that the sports facilities in each school are very important. However, since the sites for schools in Hong Kong are small, President, since you were also a school principal, you also know in which places (*The buzzer sounded*)

PRESIDENT (in Cantonese): Prof LAU, your speaking time is up.

PROF PATRICK LAU (in Cantonese): the most important thing is for several schools to join hands in building more facilities. Thank you, President.

MR CHAN KIN-POR (in Cantonese): President, besides proposing a series of initiatives to address the housing and poverty problems which are the greatest concerns to the public, this year's Policy Address has also put forward a number of proposals on creating a green living environment in Hong Kong, with the improvement of air quality being one of the highlights.

Clean water and clean air are two most vital elements in maintaining our health. For the time being, I would like to discuss the air pollution problem in Hong Kong first. As time is limited, please allow me to follow up the issue of water resources on other occasions.

The air pollution problem is worsening on the day in Hong Kong. Even the business sector is gravely concerned about it. Besides putting the health of the public under threat, air pollution will also affect our business environment. In addition to rent, the air quality of a place is a key consideration for quite a number of multinational corporations in selecting places to set up their regional headquarters.

President, on the air pollution problem, this year's Policy Address has indeed proposed several important and targeted initiatives, including subsidizing franchised bus companies to procure greener buses, retrofitting buses with catalytic reduction devices, imposing additional requirements in new franchises and requesting bus companies to switch to zero emission buses or the most environmentally-friendly buses when replacing the existing ones, taking into account the capacity of the bus operators, with a view to ameliorating the cause of roadside air pollution.

Another key proposal is to raise the proportion of nuclear energy substantially to 50% in the fuel mix for power generation by 2020. In my personal opinion, the proposals put forward by the Government reflect that it is fully capable of pinpointing the crux of the problems in Hong Kong. The two

proposals mentioned earlier are precisely intended to address the two major causes of air pollution in Hong Kong. The directions are perfectly correct. However, there are two points I still wish to discuss.

To start with, some people consider that the Government's use of public money to subsidize bus companies is in breach of the "polluter pays" principle and doubt the effectiveness of this initiative. Some people also question whether the same subsidies should be offered to other modes of public transport, such as public light buses, taxis, and so on, and when power plants manage to reduce their emissions in the future.

I fully understand these views expressed in the community. I also agree that, before proposing any initiatives, the Government should have long-term and comprehensive planning that responds to the different views in the community.

Obviously, there were inadequacies in the Government's handling of the issue of bus franchises earlier as it failed to impose additional terms in awarding franchises to require bus companies to use greener buses. But today, in the interest of public health and to avoid imposing an additional fare burden on the public, the Government has decided to subsidize buses with public money in order to address the worsening air pollution problem in Hong Kong. Given that public health is of paramount importance, I think this is absolutely worthy of support.

Meanwhile, the Government should also answer the aspirations of the public at large, including clearly accounting for the effectiveness of the trial schemes. At the same time, it should strive to persuade bus companies to realign their bus routes to complement the emission reduction objectives. Moreover, it should explain to the public whether the same subsidies will be offered to other modes of public transport.

Another point I wish to raise is that there is a growing concern among the public for such subjects as climate change, emission reduction and low-carbon living. I greatly support the key emission reduction strategy proposed by the Government, that is, enhancing the use of clean and low-carbon energy and fuels for power generation.

The Government has proposed optimizing the fuel mix for power generation in which natural gas should account for about 40% of our fuel mix for power generation by 2020, coal no more than 10%, renewable energy about 3% to 4%, and the balance of 50% by imported nuclear energy.

I greatly support the proposal of substantially reducing our reliance on fossil fuels, and increasing the use of non-fossil, clean and low-carbon fuels, including renewable energy.

However, I have indeed some reservations about the Government's proposal of making renewable energy account for only about 3% to 4% and raising the proportion of imported nuclear energy, because the Government has not yet given us a detailed explanation on the ways of disposal of nuclear waste, the costs of nuclear electricity, and so on. It is indeed difficult for the public to give full support to the relevant initiatives.

In fact, government officials attending a Legislative Council meeting on the disposal of nuclear waste have claimed that 90% of the spent fuel can be recycled. The United States, Sweden and Finland have even used permanent storage to dispose of spent fuel.

However, a number of green groups refuted and argued to the contrary that even France, where the most advanced technology for recycling spent fuel is adopted, can only recycle 8% of spent fuel at an exorbitant cost. What is more, the Daya Bay plant has yet been able to acquire the relevant technology. As for the method of permanent storage, it has still not borne fruit after more than two decades of studies. This year, the United States has even announced abandoning its research programme on permanent storage.

These queries have caused worry among the public about the possibility of the Government's proposal leading to another catastrophe. Members should recall an incident involving the damage to a fuel rod in the Daya Bay Nuclear Power Station in May this year. It is indeed necessary for the Government to first evaluate Hong Kong's ability in responding to nuclear radiation leaks, give a detailed account to the public and conduct a consultation before drawing a conclusion.

Although a growing number of countries have switched to nuclear power generation, I think Hong Kong should continue to invest in renewable energy for electricity generation, while studying the feasibility of nuclear power generation or procuring nuclear electricity from overseas countries, and use Hong Kong, a market with a population of 7 million, to attract Mainland enterprises to invest in renewable energy for power generation for the supply of electricity to the territory.

Environmental protection should be sustainable. If attempts to address the air pollution problem brings about another form of unpredictable pollution, I believe we should, before finding the answer to the problem, make more efforts in studying renewable energy and publicize the use of equipment with high energy efficiency and promote energy conservation. This is the only long-term and steady approach to address the problem.

President, I so submit.

MR FRED LI (in Cantonese): President, my speech is divided into two parts. However, since Mr Paul CHAN has mentioned electricity in his speech, I would also talk about it. Then I would come to the policy areas under the charge of Secretary Dr York CHOW.

Talking about natural gas, coal and nuclear power, among these sources of energy, the prices of natural gas and coal are not stable. Natural gas is quite expensive and generally speaking, it would only get more and more expensive. It is fortunate that the Hongkong Electric has long since entered into an agreement and it can purchase natural gas at a cheaper price. But 20 years from now, if we were to purchase natural gas, the price would definitely be higher than the natural gas presently procured by the China Light and Power (CLP) from Ya Cheng. So we can see that if the natural gas used by the CLP is increased from the present some 30% to some 40%, this will surely produce pressure on the power tariff. With respect to nuclear power, I think that a number of problems must be solved. First, it is the disposal of waste, a concern to the green groups. On the other hand, with respect to the new facilities set up in Guangdong Province with investment from the nuclear power station, we are concerned about the stake of the CLP and the degree of its participation in management. The merit of nuclear power is that its price is stable, unlike coal, natural gas and

petroleum the prices of which will fluctuate according to the trends in the international market.

Also, now seeing that Secretary TSANG Tak-sing is in attendance, I would like to also talk about the increasing number of complaints received by me about light pollution in the venues managed by the Leisure and Cultural Services Department (LCSD). Now the lampposts in the sports grounds are getting better and better in design, but they are also getting taller and taller, and brighter and brighter. This unfortunately affects those high-rise buildings in the vicinity. People living there say that their bedrooms are lit up by the lights and great inconvenience is caused. They consider it a nuisance when their homes are lit up by these lights during dinner time. This is because the light can shine into their homes directly. Secretary Edward YAU is also very concerned about this kind of pollution. However, he does not know that another government department is producing pollution of another kind. I am sure light pollution is a problem we have to deal with in the future. In this respect, I hope the two Directors of Bureaux can visit some venues managed by the LCSD and see for themselves the kind of nuisance caused by strong lights as a result of modernization of facilities to people living nearby.

Moreover, Secretary Edward YAU, recently I received an interesting complaint from some minibus operators. Actually, there is a footage on YouTube and I am not sure if you have seen it already. It is about a couple who had a quarrel. The reason is the husband has to work night shifts and his working hours spent in driving green minibuses have become longer because of the need to switch to driving the new Euro IV minibus that meets the latest emission standards set by the Government. But the minibus he used to drive was a Toyota and it used a converter or something — something I do not know — to burn the particulates emitted. But as traffic is heavy in Hong Kong and there are often traffic jams, so vehicles cannot run smoothly. If you drive 30 km or 40 km, you will often come across traffic jams and you need to brake and then drive many times. The result is that not all the particulates are burned in the combustion, and the vehicles may have to pull over, with the engine running in order to burn the particulates. It is only when these particulates are all burnt that one can drive the vehicle again. This is actually not desirable. But if you do not do so, the engine will be damaged and it will not be good to the vehicle either. This causes a number of problems. First, as we want to legislate to require

drivers to switch off their engines, but now they have to park the vehicle and keep the engine running to burn away the particulates. This sounds a contradiction. Second, each minibus on that route will have to stop for about 45 minutes to one hour a day, or even longer. This affects the deployment of minibuses on that route and drivers pointed out that their employers require them to work overtime to make up for the time lost in parking the vehicle and burning the particulates.

There is also another problem and that is, the employers say that they do not want to replace their vehicles. This will not do because they are using the old diesel vehicles and the Government requires that these be replaced. As old vehicles are written off, the owners will have to buy new minibuses. But the new minibuses have got this problem. The owners cannot change over to the old vehicles and return to the *status quo*. So they do not buy any new vehicles and they will only service the old ones. This is not good to the air quality. I do not know if Secretary Edward YAU knows about it. This is not the policy area in my brief, but I have received such complaints. I hope the Secretary can look into this seriously to see if they say it is those Toyota vehicles. However, all minibuses at present are the Toyota make. I am not sure if this structural problem is unique to that make of vehicles. I think I need to gain some more knowledge of it.

Coming back to the policy area which is under the charge of Secretary Dr York CHOW, in this year's Policy Address, only two paragraphs are devoted to food safety and environmental hygiene. Despite the small number of paragraphs, they are rather special. The first one is on the ban on trawling, and the other is on animal rights. These two topics are new and they have never been mentioned before. On these two topics, the Democratic Party has always been supportive and concerned about them. So I wish to talk about our views on these topics. On the ban on trawling, according to figures from the Government, as well as a report from the Committee on the Sustainable Development of Fisheries of which I am a member, I think a ban on trawling must be implemented in Hong Kong waters as soon as possible. And I am one of those people who insist that this should be done.

President, I do not know if you know what is meant by trawling. This is trawling on the seabed, or trawling the net on the seabed after the net is dropped into the sea. Everything is caught by trawling into the net. You can just

imagine, a lot of things would be trawled away. Fishes of all sizes, shrimps and what not, they would all be trawled away, including those which have not grown up. This is very bad to sustainable development. Since 10 to 20 years ago, catches in the Hong Kong waters have been dropping. Some species have become extinct. Now we cannot see lobsters and red garoupas. They are not found here anymore. All this is the result of overfishing. Besides, this kind of trawling on the seabed has a great impact on marine capture. So we support a ban. Certainly, we have to continue to discuss this problem. What will these fishermen do? Should they apply for CSSA? How much money the Government will pay them for surrendering their fishing licence? I hope that the Government can come up with a proposal as soon as possible for consultation with the committee. I am in full support of a policy to ban trawling.

In addition, fisheries conservation areas and moratorium zones should be set up in Hong Kong, for work on this is not done in a holistic manner currently. We often quote the findings of a survey done by the Fisheries Centre of the University of British Columbia. But that study was done 12 years ago, which is really a long time ago. If any updating is done, we will certainly find that the situation is much worse than 12 years ago. Some of the recommendations made 12 years ago are only beginning to be proposed today. We should not delay the imposition of a ban on trawling and if we do not want to see any delay, we have got to legislate for it. I do not know if legislation is needed, there may be a need for it. Or we can see what the situation is like and also take this opportunity to implement a registration system for local fishing vessels in order to crack down on illegal fishing by Mainland fishing boats in Hong Kong. We are in such a deplorable state and these people are coming to rob us. If a registration system is in place, I believe it would help the marine police or the Marine Department in taking enforcement action.

Another thing is animal rights. Actually, next week Mr CHAN Hak-kan will propose a very detailed motion on that. I know that six Members have proposed amendments, including me. My amendment is actually the result of audience given to the views from a number of animal groups. The Government has responded to some demands from animal groups in this Policy Address and it should be commended. With respect to work on this, I think that it is only a start, which is not enough. There is room for improvement. This is because, compared to many countries, the policies of the SAR Government on animal

rights are backward and conservative and offer a lot of room for improvement. Now some improvement has been made. The number of dogs killed this year has dropped. The figure on that used to be in five digits, but now the number is reduced to 8 000 to 9 000. This is an improvement. But the lives of these 8 000 to 9 000 dogs should be a cause of our concern.

President, I recall on that occasion when the Secretary was also here, the Director of Fisheries, Agriculture and Conservation said that it was certainly a thorny problem because the stray dogs procreated in great numbers in the districts and as these dogs were promiscuous, they gave birth to litter after litter of cubs. So Secretary, I have said many times that, if possible, those dogs caught should be de-sexed before release. First, their temperament may get better as castrated dogs are not so fierce and they will not stir up trouble and fight with other dogs. Second, they will lose their reproductive ability and so the number of dogs will come under control. Then there will be fewer dogs to catch and put down later. And they will not give birth to more puppies. Also, on supply sources, I know that dogs are illegally imported from the Mainland into Hong Kong. I think that the Agriculture, Fisheries and Conservation Department should talk with the Customs on how to combat the smuggling of thoroughbred dogs through Lo Wu. This activity is very dangerous, for we have no knowledge of the environment in which these dogs used to live before they come here. There is rabies on the Mainland and luckily this is not found in Hong Kong. But we must keep rabies out and there must not be any outbreak of rabies in Hong Kong. The Mainland is still a rabies-infected area. As for the plan to catch, de-sex and release, this is approved of in some District Councils but disapproved in some others. Still, can we try out this plan in those districts which have approved of this idea?

Finally, I wish to talk about columbaria. This is a much-awaited topic. I hope the Government will soon publicize the arrangements for Part A and Part B. On the work to be done by the Development Bureau, Prof Gabriel LEUNG has said many times that the Development Bureau is working hard to draw up arrangements regarding Part A and Part B. I hope to see such arrangements as soon as possible. Just what private columbaria the public can patronize? What hotlines are available for public enquiries? The Government must make it convenient for the public by all means. If the people are cheated in this matter,

it would be very troublesome to transfer the remains from one columbarium niche to the other. I think this is not what the Government wants to see either.

I so submit.

MR KAM NAI-WAI (in Cantonese): President, I now speak on behalf of the Democratic Party on the environment and the application to host the Asian Games.

First, the environmental issues. I would like to divide these into three parts. First is climate change, second air quality indicators and the last is treatment of solid waste.

Let me talk about the treatment of solid waste first. Many Honourable colleagues have spoken on this issue today, probably due to the Tseung Kwan O landfill issue. In the discussion on the Tseung Kwan O landfill earlier, we said that the Government had published the Policy Framework for the Management of Municipal Solid Waste. But after the introduction of the Policy Framework, as I commented on the three failures of the Secretary on the last occasion, one of the failures is that the pace of implementing this Policy Framework has been too slow. A number of measures have been proposed by the authorities, but they remain empty talk when they should be implemented. I know that the Government would meet a lot of difficulties when it seeks to take forward a new policy. One of such examples is the producer responsibility system. The Democratic Party supports this system. Earlier on, Mr Andrew LEUNG took out an iPad and said that Members should use less paper and more of the iPad. But once the use of iPad is linked to the producer responsibility system, you may have to pay more when you buy an iPad later. This is because you have to pay for the expenses on disposal and recovery. When people have to pay for another item of expenditure, many businessmen will come out and voice their opposition. Many retailers and many trade associations will oppose it and so a lot of obstacles are encountered. But it is because so many obstacles are in the way of the implementation of the proposal that the authorities should start the work on consultation early.

This Policy Framework on the treatment of solid waste was published in 2005, and today is the end of 2010. But consultation is still going on and

nothing has been finalized. The problem of four types of electrical appliances plus computers has yet to be solved. The pace of progress has been very slow. Now the issue of an incinerator is raised for discussion today to see if the proposal of building an incinerator in Tuen Mun is acceptable. Today, many political parties and groupings have talked about it and the Democratic Party also hopes that the Government can present the entire concept of the treatment of solid waste for discussion with us. If waste is really reduced at source, and if the scheme of charging a disposal levy per quantity of waste is taken forward, the quantity of waste may reduce significantly. And adding to this some recovery measures, would the quantity of waste sent to the landfills or incinerators be reduced?

What the authorities should do is to make projections on the quantity of waste for the next five, 10, 15 and 20 years, based on the scheme as a whole, and then work out the number of incinerators to be built. Following this, the discussion on siting can commence, instead of asking us all of a sudden today this question: would you agree to building an incinerator in Tuen Mun tomorrow? This is not a good approach to handle the issue.

On the last occasion, I think it should be 27 October when I raised a question on the recovery of glass bottles. I would also like to talk about recovery and recycling, using glass bottles as an example. Although glass bottles only account for 2.8% of the total quantity of solid waste, the Government has been doing extremely little on recovering this type of waste. The Chief Executive mentioned in the Question and Answer Session on the Policy Address the other day that the Government had done a good job already and the recovery and recycling rate had increased to 49%. The impression I got from the Chief Executive is that he is very happy with the present situation. But actually more work can be done in such circumstances.

I appeared in a radio interview on the issue of recovering glass bottles today. Afterwards, an operator in the recovering business phoned me at once. Originally he planned to do some recovery business in glass bottles in the EcoPark, but during a talk with the Environmental Protection Department, the latter raised the following questions: first, how much will the investment be; second, how much money this project can make; third lots of questions on the financial aspect were asked. For these small businesses in the recovery

trade, such questions would put the owners off before any assistance is given to them. We know that the costs of recovering glass bottles are very high because of the high transportation costs. So it is not a business that can make money easily. If the Government can reduce solid waste at source, the need to legislate on the development of landfills or construction of incinerators will be reduced.

Another issue was mentioned by me in the Panel on Environmental Affairs. Incidentally, Secretary Dr York CHOW is also in attendance today, so this is the perfect time to talk about refuse collection vehicles. Secretary Edward YAU said that it is Secretary Dr York CHOW who is in charge of the management of refuse collection vehicles. I believe you are aware that this problem also appears in the Tseung Kwan O landfill case and that is, great nuisance is caused by the movement of these refuse collection vehicles. It turns out that these refuse collection vehicles are not washed even once for as long as one whole year. So what should we do? Yesterday, the Environment Bureau lobbied in a high profile the building of an incinerator for sludge. Actually, 30% of sludge is carried by vehicles. Then what should be done about that then? This could give rise to another environmental issue.

So, in this whole issue of solid waste treatment, I hope that Secretary Edward YAU is not fighting the battle alone. Rather, the whole Government should work together and do a good job with this.

I would now turn to the issue of climate change. Some Honourable colleagues said earlier that work on emission reduction and energy conservation was an indispensable task in the context of climate change. When we talk about emission reduction and energy conservation, it is inevitable that we have to mention the issue of nuclear power talked about by some Honourable colleagues earlier. I have raised this criticism with the Secretary, that consultation work on climate change is not yet complete but the Government has already announced that 50% of the electricity in future will come from nuclear power.

Members know that for many years the people of Hong Kong would get very worried whenever mention is made of nuclear energy. Why did the Government make such a hasty decision? The Government is very smart, for it says in the paper it gave us that now the cost for nuclear power is \$0.5 per unit,

and it is \$0.4 to \$0.6 for coal-fired power generation and \$0.7 to \$0.9 for power generation using natural gas. So nuclear power may well be the cheapest.

Of course, the Government has attached a string, saying that it is hard to estimate electricity tariff in the future given all the unknowns. I think the Government should bear the responsibility and it must never say anything casually, or denying that something has ever been spoken. Just is the claim that electricity tariff will be cheaper true or not? First, it must tell the people whether the Government will guarantee that tariff will be cheaper. When an agreement is to be entered into with the Mainland, will the use of nuclear power lead to lower tariff?

Second, we are now talking that recently, the Green Peace is very concerned about the disposal of nuclear waste and safety issues related to the building of a nuclear power station. Does the Government have any detailed information to convince the people of Hong Kong? We all know that the disposal of nuclear waste may affect the next generation and it is an issue with far-reaching impacts. So how can the people be made to rest assured about the disposal of nuclear waste? I think the Government must give explanations. This is because, as we all know, the Daya Bay is only a short distance away from us. We are now using the power produced in the Daya Bay nuclear power station. But we know very little about the disposal of the nuclear waste from the Daya Bay plant. Transparency in this is very low. We know practically nothing about the arrangements. Can the authorities enhance the transparency to allay the apprehensions of Hong Kong people? I think the Government is obliged to offer a clear explanation to the people of Hong Kong in this regard.

On energy conservation, we know that recently this Council is deliberating on the Building Energy Efficiency Bill. In fact, the scrutiny has been completed. Ms Audrey EU, the Chairman of the Bills Committee, will submit the results of the deliberations to the Council in late November. We are disappointed that the Bill has not proposed any measures to regulate outdoor lightings. On this area which wastes most energy, the Government fails to impose any control. So I hope that the Government can speed up its work in energy conservation and adopt a better approach to the issue. We have undertaken rather lengthy discussions on the Building Energy Efficiency Bill. In fact, deliberations began from the last Session of this Council and more than half a year was spent on the discussions. We are very disappointed to note that

outdoor lightings do not come under the scope of regulation. I think the Government should exert more efforts on this issue of energy conservation.

Lastly, I wish to talk about air quality indicators. Despite our long-standing expectation, the air quality indicators have never been revised over the past 20 years and revision is now pending the outcome of the consultation. I hope that the Government can submit the outcome of the consultation and the specific ways to tackle the problem to this Council as early as possible and stop making any more delays. The reason is that not much time is left in the tenure of the Secretary, and so is our term of office. I hope the Secretary can submit the relevant recommendations to this Council expeditiously.

On the problem of air pollution, special mention is made this year of buses. The Democratic Party hopes that the Government can replace all the old buses. But the reply from the Government is that it undertakes to retrofit catalytic reduction devices. Maybe the Government is doing this to meet demands in this aspect for the time being, namely, introducing a scheme to subsidize the replacement of Euro II diesel commercial vehicles later on. President, the Democratic Party thinks that this scheme is not a satisfactory one and it is expected that only some 10% of such vehicles will join this subsidy scheme. Things are far from being satisfactory. Apart from buses, diesel goods vehicles are another main source of roadside air pollution. The Government can never be complacent with the present situation. I do not intend to repeat the many proposals made by Members of this Council overall, including the one on selling these vehicles, and so on. And the Government has apparently turned a deaf ear to all these. In any case, I hope the Government can listen to our views and do something to improve roadside air quality soon. I also hope that the Secretary can respond to this.

Owing to the constraints of time, I wish to talk about the Asian Games finally. The position of the Democratic Party is clear enough and, that is, we oppose the application to host the Asian Games in 2023. I do not wish to dwell on the reasons for opposing the idea. The Democratic Party has conducted a survey on this topic and it is found that 65% of the interviewees oppose the use of some \$14 billion of public money to host the Asian Games. They hope that the Government can put more resources in affairs related to people's livelihood. Let me just cite one example. I do not know if Secretary TSANG Tak-sing knows it or not, recently a group of roller-skate athletes met with Members of this Council.

They pointed out that the Asian Games in Guangzhou on this occasion was the first time that roller-skating was made an event in the Games. There might not be a similar chance in future. As this is not an Olympic event, even the record holder of Hong Kong cannot join the Asian Games.

We do not really know the reasons for this, but in the end the Olympic Committee of Hong Kong and China did not give its approval to let these athletes compete in the Games. They are denied of this one and only one chance of competing in the Games. So when you talk about Hong Kong bidding to host the Asian Games, it is true that not everyone in society will be convinced, especially outstanding athletes like these. Despite our shortage of venues for competitions in roller-skating, these athletes have managed to make some achievements. They may not be medal hopefuls, but they are among those who rank middle among the athletes. I hope the Secretary can undertake a wholesale review of the development of sports in Hong Kong and do his best to foster an interest in sports among all the people of Hong Kong, as well as building a consciousness of sports in them. When there are improvements in the development of sports in Hong Kong, consideration can then be given to hosting the Asian Games. This is the view shared by many people in Hong Kong. Thank you, President.

MS CYD HO (in Cantonese): President, the recent fiasco of the Tseung Kwan O landfill is a typical example of failure in governance. A number of causes like opposition from local residents and green groups led to a conflict between the legislature and the executive. We know very well that it is actually very difficult to implement any green policy and there must be public support for it. And there must be consultation and enough information must be disseminated to the public. This is a democratic procedure, one which forges consensus. Without such a procedure, administration would be difficult. This is because no matter what is said, inconvenience is bound to be caused and costs will have to be incurred. And even the interest of certain existing commercial undertakings may be affected and new struggles for commercial interest may arise. Without a democratic procedure, whenever a government wants to introduce any measure, some people will come out and voice their opposition. Often such voices of opposition are loud and the opponents will tend to organize actions in a systematic manner. So when a policy is introduced, the Government can only make do. When it proposes that an incinerator be built in Tuen Mun, the

residents there will oppose it. If this is to be built in Tseung Kwan O instead, the residents there will oppose it. When it finds that the landfill idea would not work, it returns to the incineration idea. The result is that it bumps into obstacles every time and each time it is met with strong opposition from the residents. So whatever it does is doomed to failure. And so in promoting green policies, we cannot even hope to heal our head when there is a headache or to heal our leg when there is a leg pain.

The only solution is to present the whole case for discussion, put all the options and proposals on the deck and discuss them with the people frankly, tell them what are costs, the inconvenience so caused, advantages brought to which classes of people and harms caused to which classes of people for each option and proposal. Then discussions with the people can be conducted on what kinds of cultural and leisure facilities will be put in place to compensate residents of the district concerned for the impact so caused on them. This is what a democratic procedure is all about. If this can be done, the Government can then convince those people who favour or reject the proposal concerned. But if the Government is afraid of letting the people experience the power of decision-making and if it does not want to relegate power to the people for them to make a decision, the result will be for every proposal made and for every measure adopted, support from the people will be very hard to obtain. So this policy on solid waste treatment will never make any progress and lag far behind the pace of the landfills in reaching capacity.

The proposal in the Policy Address this year on making nuclear energy account for 50% of the new fuel mix is nothing but working behind closed doors. As a matter of fact, the people have great doubts and reservations about the safety of nuclear power generation. Much accurate information is needed before a consensus can be forged in society. However, every time when the Bureau replies to our enquiries on how nuclear waste is to be disposed of, it will just evade the issue. The Bureau proposes to use expensive technologies still at the stage of research, giving us a false impression that they are to be adopted right now. But actually some of these technologies cannot even be applied in the Daya Bay nuclear plant. The Bureau is only putting cosmetics onto the practice used in the international community of sealing off nuclear waste, in the absence of any effective method of disposal, as international standards. If the Government refuses to reveal such kind of potential hazards and just let the groups like Green Peace to expose the truth, I do not think there would be any credibility left in the Government. It would encounter even greater obstacles

when it tries to take forward a policy like this. The information I am referring to is that in the Daya Bay nuclear plant, 200 cu m of solid waste of low to medium radioactivity will be produced every year, and 50 tonnes of spent fuel. This amount of spent fuel will be placed on the site for 10 years before it is sent to Gansu Province in Northwestern China for temporary storage. The journey there is as long as 4 000 km and it takes 21 days. Why is information like this not told to us? And why is the information not made public about the company responsible for shipping the spent fuel has once changed the model of the vehicle used in transporting the spent fuel without the approval of the regulatory body in the Central Authorities and hence was condemned by that regulatory body?

As to the level of the power tariff, issues like how the power supplier is to calculate the investment portfolio on the Mainland and whether nuclear power generation is calculated *a la* the reasonable rate of return at present; all these are unknown. Why is information on these not released to the public? If the authorities take such a closed attitude in implementing this new fuel mix, and if information is deliberately withheld, the end result will definitely be strong opposition.

President, the people of Taiwan had the chance of taking part in a referendum on the fourth nuclear power station and there were adequate consultation and discussion in the process. After casting their votes, the people of Taiwan were prepared to bear the consequences of a decision made by the people in the referendum. They did not complain about it. I wish to urge the Secretary to deal with green policies with a democratic procedure and put in place an impartial system to let people from all walks of life share their responsibility. This will enable the people of Hong Kong to come to a consensus through a democratic process and they will be convinced and will not bear any grievances no matter if they are for or against the idea. And together they will not allow the production of waste in Hong Kong outrun our pace of development.

Thank you, President.

DR RAYMOND HO: President, I would say that delivering a low carbon economy becomes a major priority for many countries as well as economies.

Hong Kong must strive to reduce its carbon emissions if it is to share its responsibility in the global response to climate change and to keep its economic competitiveness. Indeed, there is a growing concern that the worsening air pollution in Hong Kong will make it hard to attract talents to work in Hong Kong.

In the past, I repeatedly urged the Government to promote the use of cleaner fuels in power generation. And, in 2001, I moved a motion on "Developing renewable energy resources" in this Council, which was passed unanimously, although, if I recalled it correctly, only four Members were interested in speaking on the subject. After almost a decade, air pollution is still quoted by expatriates as a major disincentive for them to work in Hong Kong, and some have even warned of the exodus of talents if the air quality in Hong Kong continues to get worse.

I welcome the Chief Executive's proposal on optimizing the fuel mix for power generation, so as to reduce the degree of our reliance on fossil fuels and increase the use of cleaner and low carbon fuels. The Government proposes that by 2020, natural gas should account for about 40% of Hong Kong's fuel mix for power generation, coal no more than 10%, renewable energy about 3% to 4%, and the balance of about 50% by imported nuclear energy. At this juncture, I declare that I am currently the Chairman of the Guangdong Daya Bay Nuclear Plant and Lingao Nuclear Plant Safety Consultative Committee.

In the Chief Executive's Policy Addresses of 2008-2009 and 2009-2010, the Government talked about the increase in the proportion of natural gas for local electricity generation from 28% to 50%. But now, the Government is shifting emphasis to tapping imported nuclear energy, which is in line with my repeated calls for a wider use of nuclear energy. For years, I have been urging the Government to encourage more Hong Kong companies to invest in nuclear power development projects on the Mainland. I have also made similar proposals to the Central Government during the annual National People's Congress, which is normally held in March every year.

I am very happy to note that the Government is giving positive responses to my suggestions. However, the feasibility of the Government's new proposal hinges very much on the sufficient, reliable and viable supply of natural gas and nuclear energy from the Mainland, which has to meet its growing domestic

demand. The Mainland is setting eyes on the target of raising nuclear-installed capacity to 40 GW by 2020, equal to slightly over 4% share of the national power output. But will the increased capacity be able to accommodate and assure the demand from Hong Kong at the same time?

I understand that there is a memorandum of understanding signed between the HKSAR Government and the National Energy Administration in August 2008, which ensures a long-term and stable supply of nuclear energy and natural gas. I wonder if the memorandum will automatically be extended to cover the new proposed fuel mix, particularly, the increase in the use of nuclear energy.

Meanwhile, the Government needs to take into account the compatibility of the existing power generating equipment. Installation of new equipment may result in taking a long time to realize the proposed fuel mix and require new investment that will have an important impact on tariff under the permitted rate of return on the Average Net Fixed Assets of the power companies. The public would probably have to pay more for their electricity bills at the end.

Power plants are not the only emission source in Hong Kong. Land and sea transport are the second largest source of air pollution. There is an indication that roadside pollution is continuing to deteriorate. Franchised buses are the major source of roadside air pollution. Funding the procurement of six hybrid buses for use by franchised bus companies and providing financial support to them for testing other greener buses should be supported. But these provide no immediate solution to our air pollution problems, nor does the retrofitting Euro II and Euro III buses with catalytic reduction devices. I am of the view that the Government needs to put pressure on franchised bus companies to replace Euro II and Euro III vehicles with Euro IV ones as soon as possible. Otherwise, people who try not to use their vehicles as much as possible, like me, will have to suffer the very polluted air on the roadside.

Besides, the Government must take more proactive actions to promote the use of electric vehicles. It could take the lead by introducing more electric vehicles into its own fleet. Other technical issues, such as the provision of recharging stations and related facilities, have to be sorted out as they are amongst the major factors for consideration for prospective buyers of electric vehicles.

As a new initiative, the Government has decided to set up a \$300 million Pilot Green Transport Fund. The transport sector should be encouraged to take full advantage of the fund concerned. The development of green and low carbon transport means will definitely help improve the air quality in Hong Kong.

Worsening air pollution in Hong Kong has not only undermined our competitiveness, but it has also led to more premature deaths. The Government must give priority and allocate more resources to solving the problem. This is particularly the case if Hong Kong is seriously considering bidding to host the 2023 Asian Games.

As we all know, regular physical exercise contributes to good health. However, many members of the public have complained that the lack of suitable sports facilities has discouraged them from doing so. The Chief Executive mentioned in this year's Policy Address that the Government had invested about \$3.5 billion to build and improve sports facilities over the past five years. In other words, only about \$700 million is spent per annum. This is simply far from being enough.

Hong Kong must encourage its citizens to play sports, so as to lead a more healthy life. In the long run, this will reduce the medical expenses of society as a whole. In this respect, Hong Kong is lagging behind countries like Australia and many others.

Apart from the active promotion of "Sports for All", the Government must increase its investment in sports facilities. This is particular the case if Hong Kong is to bid to host the 2023 Asian Games.

The Government must let the public know the potential benefit of hosting the Asian Games if it is to win their support. Many members of the public may have the wrong impression that it will be a waste of time and the amount of money involved can be put to some better use in other areas. But the example of the 16th Asian Games which will take place in Guangzhou very soon later this year will tell us that good planning and adequate all-round preparation can actually ensure a satisfactory conclusion of the project.

First, the investment in infrastructure, such as the improvements in airport, building of roads and construction of sports facilities, will create job opportunities and enhance competitiveness in the long run. These facilities will bring benefits

to the economy as a whole, even long after the completion of the event. Other facilities, such as the athletes' village can be easily converted to residential and commercial complex. Most of the housing units in the athletes' village in Guangzhou have already been snapped up by buyers well before the start of the 16th Asian Games.

It is reported that about 11 000 athletes and officials, 1 000 very important persons and technical delegates, 247 000 to 347 000 spectators and 4 800 media personnel are expected to attend the forthcoming 16th Asian Games in Guangzhou. Such a large number of visitors will need hotel accommodation and travel arrangements. They will go eating and shopping. In short, they will bring overall benefits to the whole economy.

Members of the public have reservations about the bidding simply because they have a wrong impression that it is a kind of ego-boosting project for our senior officials. It is therefore the responsibility of the Government to tell them what opportunities and benefits that the Asian Games would bring along, and that will actually benefit them rather than being the other way round.

President, thank you very much.

President, I would also continue to say that past experience tells us the importance of infrastructure development to our economy. The Government must continue to invest in infrastructure development which creates employment, enhances our competitiveness and promotes our economy. With the commencement of the construction of the 10 major infrastructure projects, the Government must plan ahead with new projects that are essential to our future development. We must not lag behind our neighbours who are moving very fast in this respect.

Apart from infrastructure development, we must give priority to cleaning up our air quality. The poor air quality is not only harmful to our health, but it has also seriously undermined our efforts to attract the best talents to work in Hong Kong. The fuel mix for power generation as proposed in this year's Policy Address is worth our support, given a reliable and sufficient supply of natural gas and nuclear power.

Thank you, President.

MR TIMOTHY FOK (in Cantonese): President, the theme of this year's Policy Address is "Sharing prosperity for a caring society", focusing on tackling problems relating to resources and distribution of wealth in the course of economic recovery. High property prices, the difficulties encountered by the people in achieving home ownership and a wide gap between the rich and the poor have indeed caused social grievances to run high and put the people's mind in a state of unease. The protests by the "post-80s" are only two symptoms. Many more deep-rooted conflicts, like the volcano in Indonesia, are finding an opportunity for a full explosion. Against this backdrop, this Policy Address no longer talks about grand and ambitious long-term plans in a high profile and temporarily puts aside the knotty issues and conflicts which cannot possibly be tackled effectively in this term of the Government. Instead, it focuses on what should be done, what can be done and what the Government is able to do. While the Policy Address is criticized as shortsighted and being indicative of a caretaker's mindset, it is nevertheless the most pragmatic arrangement in the best interest of Hong Kong. I would give it my recognition.

The year 2012 will see a general change of the term of the SAR Government, as it marks the end of the term of the Chief Executive as well as that of Members of the Legislative Council. The team of politically-appointed accountable officials will also be replaced, and a new ruling team will come on stage. Added to this is the emergence of the first batch of "super District Council (DC) members", and this also means that the DCs will be playing a new role. Completely new changes will be taking place in the entire administrative cum policy making echelon and the group of representatives of public opinions. In view of uncertain international developments and flames lit everywhere in the economy and politics, the SAR Government would have made the biggest contribution by being able to maintain internal stability.

To change or not to change is a strategic choice relating to the long-term interests of Hong Kong. We must think responsibly on the premise of upholding the interests of Hong Kong and attaching importance to the greater good, while striving to forge a consensus. Likewise, on the question of whether or not Hong Kong should bid to host the 2023 Asian Games, I think a consensus must first be reached in society.

Although there are bound to be both supportive and opposition views on any issue in an open society, and it is all the more difficult to fully grasp the true

voices of the silent majority, insofar as the bid for hosting the Asian Games is concerned, from the proposal of considering making a bid for the 2019 event to the current consideration of bidding to host it in 2023, there has been a view in society and that is, hosting the Asian Games is a business. How substantial is the amount of investment? What is the chance of cost recovery? Will it yield a better return to invest in other areas of development in society instead? What will be the usage of the stadium and facilities that require investment?

In a society where money is put before everything, this is a reasonable way of thinking which is also understandable. But regrettably, sport and culture are software development for promoting a refined society outside the realm of money. The benefits hence generated absolutely cannot be measured in monetary terms direct. When athletes stand on the platform for award presentation, looking at the rising national flag and the SAR flag and listening to the national anthem as it echoes around the stadium, that is a kind of achievement and honour shared by all the people, and it absolutely cannot be bought off or exchanged with money.

Nowadays, in major international sports events, be it the Olympic Games, the World Cup, the Youth Olympic Games and even the Universiade, all countries in the world, super powers and emerging countries alike, will actively participate in the competitions. These countries are not going after monetary return, nor do they want to top the list of gold medals. Rather, they seek to, externally, enhance their national power and internally, promote social cohesion, with a view to upgrading their country and improving the quality of life of their people. Let us not talk about those examples of years past. The Beijing 2008 Olympic Games is the best case in point. A large-scale sports event has enabled the hosting city and country to make such a quantum leap. This is also testified by summing up the experiences of countries around the world.

Frankly speaking, it strikes me as very strange that bidding to host the Asian Games and helping the poor are likened to choosing between life and death in that "only one of them can live". I consider this utterly regrettable too, because basically they are totally unrelated. Sport is something enjoyable by all and it helps physical and psychological health. Even if a person does not have the means or if he is less well-off, he still has to take part in sports and exercises. The hidden youths now have brought along burdensome social problems, and the habit of too much sitting and little exercise has also resulted in the healthcare

problem of disease incidence spreading to the younger age groups. If the Government and society continue to attach little importance to the problems, and if they do nothing to encourage the public to do more physical exercises, these social and medical problems will become another new problem which is intangible and yet very costly to deal with. As regards helping the poor, it is about providing substantive support such as creating jobs, feeding oneself and the family, and so on.

I must further point out that even if Hong Kong will bid to host the Asian Games, this absolutely does not mean that we will certainly succeed. But if we do not dare to even make a bid for hosting the event, it means that we do not stand a chance of achieving success at all, and it will be unlikely for the quality of life to be upgraded in society. Let us look at Beijing where the best ever Olympic Games were hosted. And, there is the Shanghai World Expo capturing the attention of the whole world. Next month, the Guangzhou Asian Games will be opening soon. Yet, Hong Kong is nevertheless feeling apprehensive about bidding to host the Asian Games 13 years from now. If such being the case, I am afraid that Hong Kong will be departing farther and farther away from the goal to become the dragonhead in the region.

I so submit.

DR PRISCILLA LEUNG (in Cantonese): President, many people said that this year's Policy Address has opened a window for the people's livelihood. But when it comes to the problem of water quality and sea breeze, a lingering stench will most likely be coming in through this window after it is opened. The harbourfront is the most valuable resource of Hong Kong. As residents living along the harbourfront from New Territories West to Kowloon West are aware, the past two decades have seen gross deterioration in the water quality at the harbourfront in Hong Kong. In the past, people could swim at the harbourfront, but this has become history now.

It is mentioned in paragraph 119 of this year's Policy Address that the Government has allocated \$17 billion to improve the water quality of the Victoria Harbour and New Territories West. My opinions on this are highly positive. Having said that, this allocation of \$17 billion has not addressed the problem in

Kowloon West and New Territories West with a high concentration of residential buildings and a dense population. More often than not, when the smell of sewage comes with the sea breeze, residents in these districts are made to suffer from the stench. While they live by the waterfront, many residents have to close the windows and turn on the air-conditioners. Even though we have this valuable resource, why can we not enjoy clean and fresh air?

We have received many complaints in the districts. From my records, there are at least a dozen to 20 cases lodged by representative owners' corporations. They told me two days ago that if we could raise this problem, it would be a great blessing to them. I, therefore, invited some experts, including my ally, Dr Raymond HO, who is beside me now, and some of his friends in the engineering sector, to conduct a test. I also thank non-affiliated Prof HO Kin-chung who personally led a group of students to collect water samples. With regard to these water samples, the students dubbed them as "Super Foul", instead of "Super Voice". At closer observation, we found many children in the district. On that day when I took the reporters to the district, they could also see some children in school uniform, running around at the waterfront. But as they ran around, they also breathed in the stench of sewage as well as the foul air carried over the sea. The new Yaumatei typhoon shelter is one of the testing points. Survey findings showed that the E.Coli count at the sewer outfall exceeded the limit by 180 times, which is indeed an extremely high level. We are very concerned about the E. Coli count, because this is related to the health of the people.

I have raised this issue in the District Council and the Panel on Development, in the hope that the authorities will expeditiously improve the water quality of the Victoria Harbour. I also mentioned this serious problem at the first meeting with Mr BROOKE in the Subcommittee on Harbourfront Planning formed lately. But insofar as this problem is concerned, the Government seems to have adopted stalling tactics. I have not seen any clear answer, and the Government has not stated that more resources can be allocated or studies conducted to look into how co-ordination can be carried out, in order to relocate the cargo handling area at Yaumatei typhoon shelter away from the densely-populated residential area. Only in this way can we create for the next generation a T-shaped natural heritage of the best quality. T-shaped refers to a continuous, undisrupted harbourfront which brings in fresh air. I believe this is not just a vision of residents in Kowloon West, but also a wish of all the people of

Hong Kong that sea water can be thoroughly improved in the territory. We have been to many different places, and I remember that we had raised this issue during the discussion on the Kai Tak Nullah in To Kwa Wan. In Singapore, there used to be a sewage river, but after treating the effluent with micro-organisms and in a short span of several years, it has now become a quality waterfront with many restaurants on both banks. I hope that the Government can plough in more resources for this most important natural asset of Hong Kong. If this provision of \$17 billion were spent mainly on the sewage disinfection facilities on Stonecutters Island, that would be far inadequate to solve the water quality problem which is more closely related to us.

Regarding the West Kowloon Cultural District (WKCD) which is currently the talk of the town, how can the WKCD be linked with the general public? Apart from introducing luxurious and aristocratic cultural activities, the WKCD can actually perform a more direct function of enabling Hong Kong people to preserve the culture of the district. To this end, an area can be designated for free expression by the public in the WKCD. Apart from this, the WKCD must also cross the Victoria Harbour to connect with its harbourfront. While residents in the district may not be able to afford the expensive cultural and arts programmes, they can still enjoy the linked harbourfront in the WKCD. They can take a walk at leisure in the WKCD and in this way, everybody can have a share of the culture bred by the WKCD.

As for the water quality problem that I particularly raised today, the Government is actually not unaware of it. In his reply to a question asked by a Member last week, the Secretary for the Environment said that improvement had been seen in the water quality. I wonder if this has anything to do with the point of sample collection. We saw many children jogging there, and there was also a sign warning residents that the water quality there is below standard. Residents of the district said that this has been the case since more than a decade ago when residential developments started in the district. Therefore, I hope that the Government can conduct water quality tests not only at one or two places. Tests must be conducted in those hardest-hit districts about which a lot of complaints have been received. Many residents may not know that they can make a complaint through the Government's hotline and so, the Government may not have received as many complaints as Members have. But we have indeed received many such complaints at the levels of DCs and the Legislative Council,

especially as I am a Member of the Legislative Council representing Kowloon West.

In this connection, the 20-odd DC members of Kowloon West New Dynamic would like me to reflect to the Secretary their wish for the WKCD to be connected with the beautiful harbourfront. This will be a cross-bureau issue requiring discussion among the Home Affairs Bureau, the Development Bureau, the Environment Bureau, and the Transport and Housing Bureau. Only in this way can a T-shaped harbourfront be truly created which will ultimately benefit members of the general public by providing them with an easily accessible harbourfront for their enjoyment. Therefore, for the sake of the next generation, I hope that we can show concern not only for property prices today. I hope we can show greater concern for the most important natural heritage of Hong Kong. The children would like me to say this to the bureau: "Give us back a green harbour; Give us fresh sea breezes."

President, I so submit.

MR VINCENT FANG (in Cantonese): President, I have once talked to a senior law-enforcement officer in the district about hawking in the Mongkok Flower Market and trucks being frequently issued with fixed penalty tickets by the police at night outside the Cheung Sha Wan Wholesale Marine Fish Market, in order to understand the standard of enforcement. He said to me, "Stepping up law enforcement aims to ensure order in the district. The city of Vancouver in Canada is very clean and the shops display their goods for sale in an orderly manner; the environment and quality of living there are first-class."

I certainly know that the living environment in Vancouver is good. The general environment in Canada does compare favourably with that of Hong Kong. It has a vast expanse of land with a sparse population. There is no screen-like building; there is little pollution but much greening; there is not the problem of landfills competing for land with the people; nor is there the problem of waste incineration. That said, does it compare favourably with Hong Kong when it comes to opportunities for development?

Recently, I have discussed with a friend from Toronto the issue of landfills that we debated last week. He told me that they have always recovered

recyclable materials in Toronto, but unlike Japan where these materials are recovered in 14 collection bins, they have only one bin for food waste and degradable stuff, and another for collecting all other types of recyclable materials including paper, plastics, glass, and so on. After collecting these materials, the municipal services department will then be responsible for their separation, and what is ultimately left will be treated as refuse or waste. Fallen leaves are required to be put in paper bags, unlike the practice in Hong Kong as even the Government puts this type of refuse in thick plastic bags. To encourage conservation of energy among the people, the Canadian Government provides tax rebates for products conducive to energy conservation. These products include curtains, blinds, as well as electrical appliances with high energy efficiency.

In fact, apart from conserving energy, the expenditure borne by the public can be reduced as well. Their Government even provides incentives actively, showing that the Government is dedicated and committed to promoting environmental protection and that it has indeed made an effort to this end. This is why good achievements can be made.

While I have spoken so highly of Canada, I am not suggesting people to emigrate there. What I wish to point out is that even though Canada does not have the problems now faced by Hong Kong in environmental pollution, the piling up of refuse, air quality, and so on, their Government has still proactively taken actions to promote the conservation and protection of the environment. This is what I would consider to be a forward-looking approach with the vision of saving up for the rainy days, unlike what happened in Hong Kong as the Government, in view of the landfills going to reach capacity, immediately rushed to get a piece of legislation through, not allowing the Legislative Council to scrutinize the legislation on landfill extension.

Obviously, Hong Kong has a lot of congenital deficiencies and is put in a passive position in many aspects. One of the reasons is that land resources are extremely precious. As Hong Kong is adjacent to the Pearl River Delta which is the world's largest production base, despite calls from many environmental groups for continuing the rural lifestyle and ceasing the construction of screen-like buildings, waste incinerators and landfills, I must admit that it is indeed very difficult for these aspirations to be answered.

Having said that, we can still meet some of these aspirations, depending on the commitment of the Government. The objectives of waste reduction, promotion of environmental protection, improvement of the air quality and building a quality city require the concerted efforts of many parties. It is most imperative to reduce waste at source and treasure resources. On a secondary level, unavoidable wastes have to be separated and recycled, and this is a main gate to guard. Only what is non-recyclable should be thrown away. It is important that we throw away something only when there is no other alternative. I do not remember for how many times the Legislative Council has discussed this environmental protection chain. But it beats me as to why the so-called environmental policies introduced by government departments responsible for environmental work are far from practical.

President, in our speeches during the first session of this debate, we proposed that the Government should set aside a certain percentage of the fiscal surplus every year for taking forward projects which are conducive to the sustainable development of Hong Kong. One way of doing it is to provide incentives to encourage the commercial sector to invest in the waste recycling industry and provide subsidies to support waste recovery, for this is in line with the general trend. I believe less and less countries will continue to import waste. At present, 90% of the waste in Hong Kong is exported. If other countries cease to accept these recyclable wastes, are we going to dump all of them at the landfills? The Government has sought to reduce waste in one way only and that is, to impose a punitive levy and introduce the product eco-responsibility system. As I have said before, imposing a ban by levying a tax can never be the most effective means. The Government's proposal of imposing a tax on the import of electronic and electrical equipment to contribute to the costs of treating such equipment after disposal has jeopardized the role of a duty-free port on which Hong Kong relies in achieving success over the last century or so. It also shows the Government's failure to take into consideration the millions of electronic products and electrical appliances currently in use.

In the entire Policy Address there is just one proposal relating to environmental protection and that is, the Government will earmark \$500 million for the Environment and Conservation Fund (ECF) to expand its scope with a view to encouraging more organizations to undertake conservation research and technology demonstration projects. In 2008, the Government injected \$1 billion into the ECF. The Secretary has submitted a report on the ECF this month,

stating that the ECF has provided support for some 1 300 projects at a cost of some \$700 million. After spending this \$700 million, are there any specific benefits achieved or improvements made in respect of the environment, air and the volume of waste discarded?

This session also covers the area of food safety and environmental hygiene. There is one very special point about this year's Policy Address, namely, it has not put forward any proposal in this respect, as the relevant departments will mainly continue with their work in enforcing legislation enacted in the past few years. Frankly speaking, I did feel very relieved at seeing this, because over the past few years, such issues as melamine, food recall and nutrition labelling have been giving those trades and sectors engaging in the import, wholesale and retail of food a very hard time. While they need to comply with the legislation, they also need to consider the cost.

President, had it not been the industries absorbing by themselves the increase in the cost resultant from the legislation introduced by the Government, which has hence prevented such increase from being fully shifted onto the consumers, the inflation rate in Hong Kong absolutely would have been higher than the current level.

My colleague, Mr Tommy CHEUNG, has expressed a number of aspirations on behalf of his sector earlier on. I hope that the Government will understand that the meaning of "consuming food with peace of mind" is multi-faceted. First, food must be clean and safe, so that people can consume it with peace of mind; second, the prices of food must not be excessively high, so that it can be affordable to the public at all times; third, there must be an abundant supply of food at all times, and food can be purchased not only at a few certain outlets. Think about this: As in the cases of live chickens and health food, if they are so expensive and not easily accessible and worse still, if one can buy them only through personal connections during the Chinese New Year or other festive occasions, how can Hong Kong live up to the name of a quality city? How can the life of the people be considered a quality one?

I so submit. Thank you, President.

MS MIRIAM LAU (in Cantonese): President, to become a quality city and to enable the public to enjoy quality life, the prerequisite is a quality living environment. So, if real improvement can be made to the air quality, especially roadside air quality in Hong Kong, the public can have a "well-ventilated" environment of better quality. This will not only benefit the people of Hong Kong, but also attract more visitors here.

The Liberal Party has all along supported the Government working in this direction. The legislation on the control of idling vehicles with running engines currently under our scrutiny is an example. The control of idling vehicles with running engines is actually a concept initiated by the Liberal Party. There have been some controversies on this bill that we are scrutinizing now, but they primarily do not oppose the control of idling vehicles with running engines. Rather, they revolve around the granting of exemptions to the industry to cope with the needs of their reasonable operation. This bill, if enacted, will require a majority of vehicles in Hong Kong to switch off their engines while idling. By then, the noses of Hong Kong people may be spared what they are badly suffering now and better still, this will be helpful to environmental protection.

Another major source of roadside air pollution on busy corridors is old commercial vehicles, including buses. The Policy Address proposes to fund the cost of procuring six hybrid buses for use by the franchised bus companies, and to fund the retrofit of catalytic reduction devices on all Euro II and Euro III buses at a cost of \$550 million, adding that low-emission zones will be designated next year. The Liberal Part welcomes this series of measures in principle and looks forward to the implementation of the relevant pilot scheme and measures as soon as possible.

A long-term objective proposed by the Chief Executive is to have zero emission buses running across the territory. This is well intentioned, but it may entail extremely high costs. It is because, as pointed out by some bus companies, the emission from hybrid buses is only 20% less than Euro IV buses but they cost double at a price as high as \$5 million each. If the pilot scheme is proven successful, will the Government continue to fund the procurement of more of these buses, or will the Government pay for the "soy source", meaning that the bus companies will then have to pay for the "chicken"? But after the bus companies have paid for the "chicken", will they shift the cost onto the public and if so, will the bus fares be increased substantially as a result? These are our

worries. In this connection, the Liberal Party hopes that the Government, in introducing environmentally-friendly buses, will consider the financial viability of the scheme to ensure that the bus companies would not have to raise their fares substantially which would otherwise add to the burden of the people.

On the other hand, this Policy Address has not mentioned a single word on another measure which can help improve roadside air quality. What I mean is the more attractive vehicle replacement scheme targeting old diesel commercial vehicles, especially pre-Euro and Euro I diesel commercial vehicles. After the expiry of the vehicle replacement scheme some time ago, there has been no channel to apply for subsidies, and it is inevitable that owners will replace their vehicles only at the very end of their service life. Insofar as roadside air pollution is concerned, this is absolutely not a good thing at all.

Looking back, the Government's previous vehicle replacement scheme can be said as a failure because only a total of 17 000 vehicles have been replaced under the entire subsidy scheme, representing a mere 30% of all eligible vehicles. As also shown by the figures provided by the authorities, there are still 36 000 old vehicles (including 21 900 pre-Euro vehicles and 14 300 Euro I vehicles) running on our roads every day, producing enormous amounts of exhaust emission. The industry actually wishes to positively respond to the Government and replace their vehicles with new ones as soon as possible. Unfortunately, given the poor business environment, the exorbitant prices of vehicles are still beyond the affordability of many vehicle owners. In view of this, the Liberal Party considers that the Government should give regard to the actual difficulties faced by the industry and immediately reintroduce the vehicle replacement scheme while giving consideration to determining the residual value of vehicles on the basis of their years of usable life, in order to provide a higher amount of subsidy than before, thereby attracting vehicle owners to write off their vehicles earlier and hence reducing exhaust emission.

The Policy Address also mentioned that to encourage the transport sector to try out green and low-carbon transport means and technology, the Government plans to set up a \$300 million Pilot Green Transport Fund this year. However, this idea was actually proposed in the Budget released early this year and yet, it is still under planning even now. The progress seems to have been too slow. We hope that the Government can expeditiously announce the specific details for consideration by the sector.

Air quality aside, I think Members have also been very concerned about the question of waste disposal in Hong Kong recently. The Legislative Council has passed a motion by a majority vote some time ago to repeal the Country Parks (Designation) (Consolidation) (Amendment) Order 2010, because we are opposed to borrowing the land of the Clear Water Bay Country Park for the extension of the Tseung Kwan O landfill. Yet, we consider that the waste problem still has to be addressed. But given that the landfills have their limits, it is impossible for Hong Kong to solely rely on landfills to tackle the waste problem. In this connection, the Government has stated that studies will be expedited to look into the construction of incineration facilities at Tsang Tsui in Tuen Mun and Shek Kwu Chau and that more advanced waste disposal technologies will be introduced to comprehensively and effectively dispose of solid waste in Hong Kong. We hope that the Government will be extra active in taking forward this area of work.

Nevertheless, I wish to point out that whether we are talking about incineration or landfilling, it is only follow-up work to dispose of waste. To thoroughly address the problem of waste disposal in Hong Kong, the Government must effectively carry out work to promote and conduct publicity and public education on "3Rs", meaning "Reduce", "Reuse" and "Recycle". Efforts should also be made to provide room for the recycling industry to survive, to grow and to develop, so that with the support of appropriate policies, the general public will more consciously put their words into actions and take part in the work of "3Rs", and only in this way can the right cure be prescribed to tackle the problem at root and waste be reduced effectively.

President, I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now call upon the public officers to speak.

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, Members, first of all, I thank you for providing a lot of input on the part of "Quality Life" in the Policy Address, especially in respect of the environmental work.

President, the initiatives of environmental protection mentioned in the Policy Address this year are actually geared towards a clear objective agreed by all, that is, to create a quality life. This is also a direction of our work in the coming year or the next few years while carrying on with the ongoing initiatives taken in the past few years. President, I would like to respond to the five major directions in the speeches made by Members.

First, as clearly stated in this Policy Address, the Government will make continuous effort to improve air quality at the regional level, in the territory of Hong Kong as well as at roadside under a multi-pronged approach; second, we must set targets to combat climate change and build a low-carbon society gradually in collaboration with various sectors of the community; third, waste management will be continuously taken forward underpinned by the hope that a consensus can be reached on the taking of actions; fourth, we need to enhance ecological conservation in response to the aspirations in society; and lastly, we have to broaden and deepen regional co-operation in areas ranging from environmental protection to energy resources, while making an effort to combat pollution, with a view to creating a green region.

On the improvement of air quality, we are well aware of the concerns expressed by Members and the public about pollution. In fact, if we look at some primary figures, we can see that over the past few years, we have targeted actions at the largest source of pollution in Hong Kong, namely, emission from power plants. We have, since 2007, introduced amendments in collaboration with the Legislative Council to the Technical Memorandum for Allocation of Emission Allowances in respect of Specified Licences (Technical Memorandum) in the Air Pollution Control Ordinance to substantially reduce the emission cap of the power plants of the power companies. This included a reduction of 67% in sulphur dioxide (SO₂), 46% in respirable suspended particulates (RSP), and 13% in nitrogen oxides (NO_x) respectively. We will carry on with this area of work in the coming year, as the Legislative Council is also examining an amendment to further tighten the Technical Memorandum, in the hope that the emission

quantities, which have already been reduced, can be further reduced by around 30% to 50% in 2015.

With regard to the many initiatives taken by us, Members have mentioned, and so did we on various occasions in the past, the effects that have been caused to the entire region or in the territory. As we can note in the statistics on general air quality in the territory from 2005 to 2009, the three pollutants that I have just mentioned, namely, SO₂, RSP, and NO_x, were reduced by 36%, 15% and 4% respectively. In the entire Pearl River Delta (PRD) Region, according to the statistics released by our 16 monitoring stations, the rates of reduction of these three pollutants were 38%, 7% and 9% respectively during 2006 to 2009.

Obviously, despite general improvement in the air quality in the region or in the territory, roadside air quality has remained a great challenge. It is because Hong Kong is densely populated and the high level of vehicular emission on main corridors has caused, for instance, the level of NO_x to remain on the high side, despite a reduction in some other pollutants. This is also why we have particularly focused on bus emission which is of public concern in this year's Policy Address, apart from the replacement of commercial vehicles which has been implemented effectively over the past few years. The reason is that 40% of the pollutants on the main corridors is generated by franchised buses. The Policy Address this year has particularly put forth a pragmatic and practicable measure that can produce results in a short time. It is proposed that bus companies be funded to test some types of vehicles which, as far as we can see, will likely be manufactured and put to use in the next few years, such as hybrid vehicles. We also propose the retrofit of catalytic reduction devices for vehicles, so that thousands of vehicles can be retrofitted with the device as early as possible in the next few years. We hope to set a short pilot period of six months to try out the retrofit of catalytic reduction devices, the purpose of which is to bring vehicular emission in line with our another objective of designating some low-emission zones gradually starting next year until 2015. But in the final analysis, I agree with the view of Members, that bus emission must be tackled through the franchise agreement. This is why in this year's Policy Address, we have particularly specified that when franchises are due for renewal in future, we will adopt a higher standard, requiring the companies to reach zero emission or the most environmentally-friendly targets, and include this as a condition for franchise renewal in future.

President, our work to improve the air quality has also extended from land to sea. I have recently heard that in some marine transport industries, a number of shipping companies in the ocean-going sector have made an undertaking to use low sulphur diesel in their vessels when berthing in Hong Kong. This voluntary initiative taken by the shipping companies precisely shows that corporations can actually play a part in environmental protection. We hope that this initiative will be a start for us to further forge greater co-operation with the shipping sector to improve air quality. This also answers a pilot scheme that we have implemented over the past year to try out the use of ultra low sulphur diesel in ferries. We will conduct a review and formulate policies after the findings are available.

Second, in respect of the actions taken to combat climate change, Members have in the past expressed their wish for the Government to set a new target as early as possible, so that Hong Kong can have an overall plan to respond to climate change. The consultation document that we published in September has set a very clear target for Hong Kong in the next decade. We hope to reduce carbon intensity by 50% to 60% by 2020 when compared with 2005. If granting attainment of this target, the upward trend of the emission volume will be reversed to a downward trend instead.

To achieve this target, we have proposed a series of measures and strategies. I must stress that the strategies will be implemented in two major directions. The first is to ensure effective demand-side management, and this includes energy conservation which is supported by Members. In the consultation exercise we have proposed a lot of directions particularly targeting energy users or more precisely, buildings, which account for 90% of our carbon emission. How we are going to encourage energy conservation in buildings in the five major directions is actually in line with the Buildings Energy Efficiency Bill currently under the scrutiny of and to be enacted by the Legislative Council.

But energy conservation aside, if the energy mix remains to be high-carbon or fails to promptly include clean energy, no matter what we do in energy conservation, we may get only half the result with twice the efforts. We, therefore, propose that in view of the current energy mix which remains high in carbon and relies heavily on coal for power generation, we must take timely actions to use more clean fuels in the next 10 years, such as increasing the proportion of natural gas to 40% and conducting studies to ascertain the

feasibility of increasing the proportion of imported nuclear energy from the present 23% to about 50%.

Certainly, in the process of changing the energy mix, four principles must be complied with. These principles, which are very important and consistently upheld firmly by us, include the safety of the energy, its reliability, whether it is more environmentally-friendly, and the need to consider the affordability of the public. These four principles are all essential and must all be met, and they have all along been the pillars of our energy policy. Therefore, with regard to the points mentioned by Members, such as the safety of nuclear energy or stability of its price, whether it is an environmentally-friendly energy as well as their other concerns, we will strictly take them into consideration in our work later.

I am glad to learn that the Panel on Environmental Affairs (the Panel) will hold a public hearing on climate change in November. I hope to have more in-depth discussions with the public and various sectors of the community on this issue, and the Energy Advisory Committee has also been commissioned to conduct continued discussions on issues such as safety and reliability of energy. We believe this climate change strategy will make improvements to the environment in Hong Kong and create green economic opportunities, and even new opportunities for employment and opportunities for development of new industries. Therefore, we hope that Members will not simply consider this policy an environmental policy. We hope that it can also become a way to improve the people's livelihood and the economy.

A number of Members have mentioned the work relating to waste management. Over the past three or four weeks, indeed we have had a lot of discussion on this issue in this Chamber or in the Panel. I do not wish to repeat the points made by various sides during the discussion. But I think we all share a common view on one point and, that is, in order to effectively deal with waste management and disposal, a three-pronged approach covering emission reduction, waste recovery and modernized management is required for any initiative to come to fruition. During the discussion, we sometimes heard the use of reiterative locution quite frequently, such as "單單" (which means solely), "偏偏" (a way of expression to question why something has to be the case), and "區區" (which means every district). I think Members will all agree that relying "solely" on landfills nowadays is certainly never a solution to the problem. I think there is a wide consensus on this point in society. Some people are

worried that if we rely "solely" on incineration, the "furnace" would become the one and only way to dispose of waste. I think we do not enjoy this luxury of being able to rely only on incineration because in fact, in the next 10 years, we can foresee that even if we start building incinerators, we still have to find places to dispose of the ash. Some people suggested putting emphasis on emission reduction. I think Members will also agree that no city can rely "solely" on emission reduction to achieve zero waste.

Certainly, when we propose some new or old measures, be it landfilling or incineration, some people will express concern and question why a certain district is chosen. In this regard, I hope Members can take the overall situation into consideration, and the entire community must shoulder the responsibilities together. But does it mean that such facilities must be built in every district? I think public discussion is warranted. While the public should review whether or not such facilities have to be built in every district, I do not wish that this would become a pretext for extending the timetable. Hence, insofar as this area of work is concerned, I can hear that Members have a lot of views. Some told me to get started earlier, some told me not to act hastily, some told me not to evade the major issues and tackle only the minor ones, and some told me to take the overall situation into consideration. I think the best way to do it is, as I have undertaken in the Panel, to further consult various parties and groupings during this period of time, in the hope that all the proposals can be presented for their discussion and consideration. But when I put a case, a policy or a project on the deck, each one of them — not only one of them — will require the approval of the Legislative Council. From policy formulation, enactment of legislation to funding application, we would need Members to work with us.

Fourth, with regard to ecological conservation, we particularly mentioned the topic of ecological and environmental conservation in the Policy Address. This is consistent with the efforts made by us in the past few years as we expanded the coverage and area of country parks and even made changes to their nature and developed the Geopark. Over the past few years, in terms of the extension of country parks alone, over 2 000 hectares of land have been incorporated, making up to over 40% of land in Hong Kong under the protection of country parks. Some of the parks have a theme. The development of the Geopark is an example. We hope that members of the public can acquire new knowledge and develop a new interest while enjoying the country parks.

However, with regard to the existing policies on country parks, some practices of the past may not necessarily be suitable under the present-day circumstances, especially as some sites located within the country parks are not designated as part of country parks for various reasons. Such sites may be under the pressure of development and problems may hence arise. In this connection, we have clearly stated our position in the Policy Address that by gradually including these sites into country parks, or by means of urban planning, we hope to bring these sites under better management. Some Members are concerned about whether changes to this policy will constitute an infringement of private ownership. Here, we reiterate that at present, the inclusion of these private sites into country parks basically has no implication on property ownership. There are also some private sites within the existing country parks, and the original land use of the private sites is protected in that the relevant persons can still apply to the country parks authorities for developing the sites for uses as designated in the lease. If the authorities rejected an application, the applicant can raise objection to the country park authorities and file claims for compensation in accordance with the law.

Lastly, regional co-operation. It is evident that if Hong Kong, as a city, attempted to keep the environmental problem solely to itself, I think this is actually inadequate to bring about any improvement to the surrounding as well as the domestic environment. The same case goes for air quality, water quality, waste disposal or climate change. For this reason, regional co-operation is a very important task that needs to be highlighted and further strengthened. Some Members mentioned that the emission targets that we signed in 2002 with Guangdong Province in respect of air pollution will expire at the end of the year. We will conduct a review upon its expiry at the end of 2010 and we will give an account to the public of the effectiveness of the work carried out over the past eight years. A report will be submitted on the relevant work.

Meanwhile, we have started to discuss the mode of co-operation post-2010. Obviously, our co-operation with Guangdong Province over the past two years has extended from combating the source of pollution, such as air or water pollution, to regional co-operation. For instance, the provision of cross-boundary subsidies has enabled us to promote clean production. Such co-operation has also been extended to energy resources, such as the provision of clean energy and the import of energy across the boundary. The scope of

co-operation has extended to cover not only Hong Kong and Guangdong Province, but also Macao, and the entire PRD. Moreover, many of such initiatives must tie in with the policies of the Central Authorities. Therefore, the energy co-operation agreement in 2008 was signed on the basis of this mode of co-operation. We hope that in the 12th Five-Year Plan, regional co-operation can be upgraded to a mode of co-operation towards the development of a regional quality living area. We hope that work is geared to the concept of sustainable development, rather than just combating a certain aspect of the environmental problem.

President, the conclusion that I have made may not answer each and every detail of the questions raised by Members. I think some of the questions raised were discussed before, and I would be glad to follow them up in the Panel. I believe Members must have noticed that the environment issue in this year's Policy Address has remained to be an important topic of great public concern. To address the relevant problems, a lot more work will have to be carried out in the next two years or in the coming days. We will not slow down our pace, and new laws may need to be enacted, policies to come on stage, projects to be commenced and funding applications to be submitted. And, many subsidies may need to be appropriated through the increased provision of resources. In the interim, there may still be a lot of contentions, but I hope that these contentions can help us forge a consensus and give explanations to the public. It is also possible that problems are identified in the course of deliberations. But when possible complications do arise, the contentions can become a means of public education.

Earlier on a Member made the concluding remark that environmental protection is not merely a slogan, but one which requires practical work, adding that facilitation by the Government is necessary. Some remarks made earlier either by public officers or Members were actually just repetitions, and I do not remember who was the first to make such remarks, but the point is not here or there. Environmental protection is not merely a slogan, it requires the input of practical effort. Government facilitation is necessary, and the co-operation of this Council is also essential. I would like to dedicate this remark to Members and let us encourage each other, for this also requires shared commitments and efforts between us.

I so submit. Thank you, President.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, the theme of this debate session is "Quality City and Quality Life", but the policy portfolio of the Development Bureau does not include planning, land and infrastructure. Therefore, although Prof Patrick LAU spoke at length about his views on planning, I am afraid I have to choose not to use my limited time to respond to him in this session. However, it does not matter because this year, Prof LAU is the Chairman of the Legislative Council Panel on Development, so I will surely have many opportunities to explore this issue with him. While he was speaking eloquently, the point that I felt most deeply about was that it seemed the Development Bureau was involved in almost everything. The reason is that generally speaking, all the issues involve land: From Secretary Dr York CHOW's private hospital and columbaria, through the six industries with clear advantages to nature conservation, all these issues are related to land. Therefore, our workload is very heavy.

In this session, I am going to respond to five subject matters. The first is urban renewal. The Review on Urban Renewal Strategy has come up with a new urban regeneration strategy. So far, from what I have heard, Members are generally supportive of it. In fact, this also gives us a great revelation, that is, we have spent two years on public engagement and listened extensively to public opinion and it seems this is very effective and as a result, the Government's policy is able to secure Members' support. Mr Vincent FANG may have some misunderstanding. The consultation paper issued again by us is purely a consultation on the draft. It is only a consultation on the wording rather than a consultation on the new recommendations relating to the urban renewal strategy, that is, the recommendations to carry out rehousing and offer compensation in a bottom-up and district-based approach founded on more compassionate grounds.

There are several minor problems in this regard. First, Mr James TO is a non-executive director of the Urban Renewal Authority (URA). He is well-informed of our work in this process. Regarding District Urban Renewal Forums, ever since the announcement on the establishment of the first pilot forum in Kowloon City, we have received many views expressing the hope that the second and the third pilot forums could be introduced at an early date. We will consider and study these views carefully. However, this does not mean that only Kowloon City would be affected by the urban renewal strategy that we hope would be promulgated in January next year. This is not the case actually. We

would implement all new measures in the new urban renewal strategy, such as the arrangements for affected elderly owners and non-owner-occupiers in special circumstances, in all urban renewal projects, only that we wish to secure a lead period of time, so that the District Urban Renewal Forum in Kowloon City can operate smoothly before it is extended to other districts.

Mr James TO mentioned the proposed "flat for flat" arrangement on the Kai Tak site and asked if we could consider the payment of premium loans in instalments, how the premium should be assessed, and so on. We will study them later because for the time being, the Executive Council has just granted the Kai Tak site in principle. Upon the land grant, we still have to study these practical issues. We will certainly consider Members' opinions seriously. As to whether or not other sites can be identified to take forward the "flat for flat" arrangement in addition to the one or two sites at Kai Tak, this can be further explored as a matter of policy, but the most important point is whether or not such suitable sites for housing are available.

Dr Priscilla LEUNG hopes that the operation of our future Urban Renewal Trust Fund (Trust Fund) can be highly transparent. This will certainly be the case and the Trust Fund will also operate independently of the URA. Mr KAM Nai-wai levelled criticisms at the recent joint projects of the URA and I also said in the Panel on Development that this was a matter of perception. However, it seems it would be unwise to totally reject the mode of co-operation with property developers on account of these examples, since this is a means of public-private partnership characterized by the advantage of sharing the risk of such redevelopment projects, and it is beneficial to the cash flow of the URA. It will also spare the URA of the need to put in place a large organization framework. Therefore, the most important thing is to stipulate our social goals very clearly in the clauses of joint ventures with these property developers.

The second subject matter that I wish to respond briefly to relates to the measures to foster a quality and sustainable built environment, in particular, measures targeting inflated flats. Although this issue is quite sensitive, according to the views we have heard, generally speaking, the measures are supported by Members, so the remaining issues are those relating to implementation. After the explanations given in the past few days and the discussions in the Panel on Development, I found that it appears all Members understand why the new measures and new Practice Notes can only be applied to

the plans submitted after April 2011. This is a reasonable arrangement. To pre-empt any abuse of this reasonable arrangement or instances of trying to beat the deadline, I have announced two measures which were also mentioned by Miss Tanya CHAN. First, an applicant, in submitting general building plans for approval, should provide proof of ownership of the land forming the site. Second, for all general building plans approved, a validity period of two years will be imposed on the granted floor area exemption. If no building is constructed in the validity period of two years, the exemption will become void. Such reasonable ownership can be explicitly stated because there was a court case stating it must be demonstrated that in proving land ownership, one must have reasonable expectation of exercising land ownership. In English, this is known as realistic prospect of control.

As Mr TO and other Members, including Mr IP Kwok-him and Mr CHAN Kam-lam, mentioned earlier on, I think that presently, only one problem remains in imposing restrictions on inflated flats, that is, regarding development projects in which the Government has a great deal of influence, whether or not the Administration should demonstrate greater sincerity by requiring them to comply the new system before the effective date of 1 April. If my memory serves me right, the URA has taken the lead in indicating that for any project pending tendering before 1 April next year, it would specify in the tender document that the plan has to be submitted in accordance with the new policy. Regarding the remaining developments on the superstructures of the West Rail of the MTRCL, I said in a meeting of the Panel on Development that I had noted the views of the public and Members and that the executive would take them into further consideration.

The subject matter of the third issue that I am going to respond to is also very simple. It is about building safety. Generally speaking, the public accept the whole package under the policy on building safety, from legislation, law enforcement, the provision of support to property owners to public education. Ms Starry LEE also mentioned this point just now and yesterday, Mr WONG Kwok-hing also commended our resolve this time around. In addition, regarding issues that have been troubling the public, such as issues relating to "sub-divided units", priority enforcement policy on unauthorized building works (UBWs), advertisement signboards, as well as the lack of a comprehensive database for UBWs in Hong Kong, they have all been resolved this time around. The only remaining problem is water seepage. I can only give my undertaking

to Members here that I will continue to work with my colleagues to look for better ways to help troubled property owners, particularly property owners on the next floors, resolve their difficulties. However, I must establish an understanding with Members here, that is, building safety requires the participation of the whole population. I hope that when we clamp down hard on these UBWs in the future, Members will not criticize us for causing nuisances to the public because if we have to enforce the law equitably, we can only deal with all UBWs equally.

Fourthly, in the previous session, Dr Margaret NG spent most of her speaking time on the Land (Compulsory Sale for Redevelopment) Ordinance, which is commonly known as the Ordinance on compulsory land sale. She cited the comments of Judge Gordon CRUDEN on this Ordinance. In fact, I have also read that book. It was not written solely with this Ordinance in mind. Judge Gordon CRUDEN has written many books over a long period of time on the laws on the compensation formula for land resumption and valuation. In this third edition, he added a new chapter about this Ordinance on compulsory land sale. It is because when the previous two editions were published, this Ordinance had yet to come into effect. I just want to make one point. Since Dr NG's comments are most persuasive, I am afraid that this might give people not versed in the Ordinance the impression that we have taken no action despite being criticized by the Judge, or that we have taken no action despite being asked by the Tribunal Officer to do so. In fact, this is not so.

Judge Gordon CRUDEN is the former President of the Lands Tribunal. He was never involved in the Ordinance on compulsory land sale because it was enacted only in 1998. The whole chapter is actually an interpretation of the law, analysing the cases dealt with by the Lands Tribunal in the past. In fact, Judge Gordon CRUDEN also cited many court judgments which were also cited by me that day during the debate on the legislation on compulsory land sale. Anyway, Judge CRUDEN's article offers very worthy reference and we will study it further. However, I wish to point out here that he does not consider, in a critical manner that we have serious inadequacies currently.

The chapter cited by Dr Margaret NG actually points out that the Ordinance is very important as private ownership is at stake, so it needs to be dealt with seriously. Actually, Members should be able to see our serious attitude. In the information brief submitted to the Legislative Council in relation

to the Policy Address this year, although the Ordinance on compulsory land sale did not appear in the Policy Address, an entire page and an annex are devoted to presenting the steps taken and the work in progress to protect minority owners or make its enforcement more impartial, reasonable and smooth after the promulgation of the notice by virtue of the Ordinance. I will also invite Dr NG to read them later.

Put simply, on information dissemination, in conjunction with the Hong Kong Housing Society (HKHS), through its Property Management Advisory Centres, we provide free information service to minority owners interested in this subject matter. As of 15 September 2010, the HKHS has handled a total of 163 enquiries and recently, it has also published a simple booklet. In fact, had someone got hold of a copy of the booklet and gone through it, the misunderstanding on the case involving a noodle shop in Sham Shui Po would not have arisen. I do not know who caused such a misunderstanding in the first place, but it surely was not the Government. It is clearly stated in the booklet that a lower application threshold of 80% is applicable only to three classes of lots and the noodle shop in Sham Shui Po does not belong to any of them.

Moreover, we have also secured assistance from the Hong Kong Institute of Surveyors (HKIS), in cases in which the HKHS came across highly technical problems when answering enquiries, the latter may refer such enquiries to the HKIS for professional advice. In addition, the HKIS will also organize public forums for minority owners as necessary. The Estate Agents Authority has also issued relevant codes to estate agency practitioners, and it is also prepared to handle relevant complaints or the complaints referred by us.

Although Dr NG has thrown a cold blanket on our pilot mediation scheme, which is being planned at full steam, the mediation service is basically a project promoted by the Judiciary. We are working closely with the Department of Justice and the Joint Mediation Helpline Office Limited, and it is planned that a pilot mediation scheme will be introduced to handle compulsory sale cases before the end of this year.

In addition, we are aware that many minority owners of old buildings are elderly people, whose understanding of such matters may not be very good. To provide further assistance to these minority owners, we will engage on a pilot basis a social welfare agency to provide outreach services to these elderly owners

to explain to them the general procedure of property acquisition and the procedure of compulsory sale under Cap. 545 and refer them to surveyors for professional advice according to their wish.

Lastly, in order to step up publicity and public education on the rights of minority owners and the caveats that these owners should watch out for when approached by developers on voluntary acquisition or compulsory sale, we plan to launch a video on Cap. 545 later this year. The video will explain in a simple and comprehensible manner the acquisition and/or compulsory sale process to educate owners of old buildings of their rights and the support and assistance available to them.

Among the points raised by Dr NG, those involving legislative amendments have to be considered in the context of a review of enforcement in the future. However, we wish to give a positive response on one point. Dr NG said that we had to make greater efforts to actively encourage minority owners to initiate redevelopment of the whole building. This is precisely the role of the facilitator, which is assigned to the URA in the Urban Renewal Strategy Review.

The fifth and last issue on which I wish to give a response is heritage conservation. Both Miss Tanya CHAN and Mr KAM Nai-wai have talked about this issue. There is one point raised by Ms CHAN that I must respond to or rebut. She said that I, being the Secretary for Development, have neglected the work of the Antiquities and Monuments Office (AMO). This is not at all correct. Although the AMO is under the charge of the Leisure and Cultural Services Department, which is under the charge of the Secretary for Home Affairs, there is another kind of division of labour in the organization of the Government. In fact, the AMO is now directly under the Development Bureau and its funding also comes from the Development Bureau. I also hold monthly regular meetings with colleagues of the AMO to discuss the exercise of my power as the Antiquities Authority and its efforts in the conservation of monuments.

Ms CHAN has perhaps not gained a full understanding of our work in declaring and grading buildings as monuments. Our statutory protection is only limited to declared monuments. For buildings which have not been declared monuments, or which do not even have any historic value to qualify declaration

and grading as monuments, we cannot exercise our power to influence its development. Therefore, this has to be dealt with separately.

Here, I wish to say a word in particular for the Maryknoll Convent School. Concerning the work carried out by the Maryknoll Convent School on its tree, I think the criticisms directed at the school management are not at all reasonable. As Ms CHAN knows, the school management took the initiative to propose to me that I declare their private property a monument, thus subjecting it to many stringent controls. Therefore, although it is true that due to an inadequate understanding of the school management about the handling of the tree on that day or the fact that it was the first time such matters were dealt with, they may not have complied with our requirements fully. In the end, the school management gave the greatest importance to the safety of students and I fully support this decision. As regards the final decision not to institute prosecution, it is not true that I let off the school lightly. As a member of the legal profession, Ms CHAN should know that the decision to institute prosecution is not made by the Secretary for Development, but our Department of Justice. Nevertheless, I certainly support the decision of the Department of Justice.

Finally, about the consultation relating to the West Wing of the Central Government Offices, owing to the time constraint, I cannot give a response in detail. Anyway, we are still in the consultation period. Therefore, it is natural for Members to have different opinions. I understand that apart from the model display, animation and promotional leaflets prepared by us, with the consent of the President, at a later stage, the consultation will also include a public hearing held by the Panel on Development of the Legislative Council. I hope that this issue will be discussed in the community. After all, it might be unrealistic to expect these development and conservation efforts to please everyone in the community. However, we will do our utmost to listen to the views of the community as far as possible. Thank you, President.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, this session is actually a debate on "Quality City and Quality Life". According to the arrangement, it includes the creative industries, which fall within my policy area. However, if I did not fail to catch some of Members' comments, it seems the Members speaking before me did not mention

the creative industries, but several Members who spoke in the first session did voice their views on them. Even so, I still wish to give a brief response.

In last year's policy address, the Chief Executive already proposed the promotion of the six industries with clear advantages, including the creative industries. The Commerce and Economic Development Bureau immediately launched its work and set up a dedicated office called Create Hong Kong in June last year to liaise with members of various creative industries, provide the creative industries with "one-stop" services and work with the sector to promote the development of the local creative industries.

The CreateSmart Initiative with a funding of \$300 million was also set up at the same time to provide financial support to the development of the creative industries. This is proof that the Government is taking this matter very seriously. Since the implementation of the scheme, the sector has responded enthusiastically to it and a sum of \$67 million has already been approved to sponsor local creative talents in participating in international competitions and offer paid placements to graduates intent on embark on a career in the creative industries. It also supports the sector in organizing promotional activities on the Mainland and overseas to demonstrate the talents of our creative people. At the same time, it also provides a platform for business negotiations and assists in market development. Large-scale creative activities are also organized locally to attract successful top-notch creative entrepreneurs, designers, architects and academics around the world to participate in activities in Hong Kong, so as to consolidate Hong Kong's position as a creative city.

Last year, for the first time, a creative talent in Hong Kong's advertising sector won the highest design award in the International Advertising Festival held in Cannes. This shows that creative talents abound in Hong Kong. It is exciting to note that this year, participants from Hong Kong in the same advertising competition — the International Advertising Festival held in Cannes — were again triumphant, clinching 10 awards in total. Once again, this proves that creative talents in Hong Kong are very competitive and on a par with their international counterparts. We will continue to co-operate with the local creative industries in identifying and grooming the new generation, providing necessary support to them and introducing them to their overseas counterparts, so that they can have exchanges, raise their personal profile and enhance Hong Kong's renown.

Apart from overseas markets, we have not forgotten to encourage the sector to pursue development in the vast Mainland market. We have held symposiums and exhibitions in various parts of the Pearl River Delta to promote Hong Kong design and brand name service, as well as organizing the Hong Kong Films Retrospective in Guangzhou and Shanghai, in which a number of Hong Kong movies were shown uncut. These activities were very well received by members of the sector in Hong Kong and the Mainland market. With flexibility and creativity in its thinking, the office of Create Hong Kong will continue to gain insight of the needs of various creative industries and work together with them in plotting their development.

During the Shanghai World Expo, we held a series of promotional activities in Shanghai together with the creative sector in Hong Kong, such as the "Hong Kong Comics and Animation Carnival" and the "Fashion Visionaries · Hong Kong" fashion show and exhibition. The response was highly positive and the residents of Shanghai and visitors alike were greatly impressed by our creative industries. The Hong Kong Trade Development Council organized the "Style Hong Kong" trade and exhibition in the pedestrian precinct of Nanjing Road, Shanghai, which consisted of both culture and creativity. Not only did it help promote the creative products of Hong Kong, it also served to promote our brand names.

Next month, we will usher in a new multimedia digital entertainment service. In the future, we can enjoy the works of our Hong Kong comic artists on iPhones any time, anywhere. This new initiative is an example of the success of the office of Create Hong Kong in assisting the development of the sector. I believe there are many creative ideas waiting to be developed by us and the sector jointly.

Another eagerly awaited project is the revitalization of the former Hollywood Road Police Married Quarters and its transformation into an iconic centre for the creative industries. Our exercise of selecting the operator is near completion. Upon its commissioning in the future, the centre will instil new vigour into the Central District and pool creative talents together to achieve synergy with the conservation projects in Central District and those in its surrounding areas, and then the potentials of the site in promoting the development of the creative industries will be fully realized.

With these remarks, President, I implore Members to support the Policy Address and the original motion. Thank you.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, food safety and environmental hygiene are closely related to people's life and crucial to the development of a "Quality City and Quality Life". I will now give further explanations and responses to the four policies and measures relating to food safety and environmental hygiene set out in the Policy Address and Policy Agenda and mentioned by Members today, namely, the ban on trawling, the discussion on columbarium policy, the Food Safety Bill and animal welfare. Regarding the issue of healthcare reform mentioned by Members such as Mr CHAN Hak-kan, I will give a response in the fourth debate session.

Following the Chief Executive's announcement in the Policy Address of the Government's plan to introduce legislation to ban trawling in Hong Kong waters, we have briefed the relevant panel of the Legislative Council on the details of the proposal. A number of environmental groups have expressed support for the proposal and considered that it can protect and restore the valuable marine resources and ecological environment of Hong Kong. I wish to specifically point out here that the Government proposed banning trawling mainly from the perspective of conservation and promoting the sustainable development of the fisheries industry, and the proposed policy directions are decisive and forward-looking.

The Agriculture, Fisheries and Conservation Department (AFCD) has already commenced consultation with various fishermen's organizations and explained the proposed arrangements to them. As Mr WONG Yung-kan said earlier, fishermen are greatly concerned about the possible impact of this measure on their livelihood. We appreciate this point. Hence we have proposed the one-off, voluntary trawler buyout scheme to provide eligible trawler owners and local deckhands an *ex gratia* allowance and a grant, so as to alleviate the impact of the relevant measure on them. We will also introduce other measures, such as the provision of training and low-interest loans, to help fishermen switch to other sustainable fishery operations, including aquaculture and leisure fishing.

In the next few months, we will consult the industry and the relevant stakeholders on banning trawling and other measures to promote the sustainable development of the fisheries industry, including capping the number of local fishing vessels, prohibiting non-local fishing vessels from operating in Hong Kong waters and designating fisheries protection zones. We plan to brief the relevant panel on the details of the proposal in the first quarter next year.

The public consultation on the review of columbarium policy which lasted for about three months has just been completed on 30 September. We are now analysing the views collected during the consultation period, and we expect to brief and give an account to the relevant panel on the way forward early next year.

Regarding the columbarium policy, we have to deal with it in two aspects. First, we have to solve the problem at root by increasing supply. The Food and Environmental Hygiene Department (FEHD), the Board of Management of the Chinese Permanent Cemeteries (BMCP) and various religious organizations anticipate that over 100 000 newly-built niches will be provided in the next three years. Moreover, members of the community are generally supportive of our proposed principle that different districts should collectively share the responsibility of developing columbarium facilities. They also hope that the Government will improve the outlook and layout of the relevant facilities to enhance public acceptance of columbaria. Sometime ago, the Government has proposed the first batch of 12 potential sites in seven districts, and most of the District Councils (DCs) have given in-principle support to them. We are now conducting technical feasibility studies and traffic impact assessment for the relevant sites. Once a site is confirmed to be suitable for columbarium development, the relevant DC will be formally consulted again. The Government will also continue to actively identify other suitable sites for columbarium development across the territory, and we encourage leaders of local communities and the DCs to propose potential sites. The Government will maintain its efforts in soliciting support from the DCs and local communities through continuous communication.

Another broad direction is to enhance regulation of private columbaria. During the consultation, members the community have expressed different views on the implementation details with regard to the scope and level of regulation of the proposed licensing scheme. After considering the proposals put forth by the

community, we will begin to work on the drafting of the legislation. Before introducing the legislation, the Government will publish more information on private columbaria to remind the public to exercise caution when purchasing columbarium niches to enhance consumer right protection.

President, earlier in the debate Mr Vincent FANG said not much had been mentioned about food safety this year. Actually, over the past few years, especially since the establishment of the Centre for Food Safety in 2006 and the passage of the legislation on the recall of problem food last year, the existing food safety mechanism of Hong Kong can already catch up with the standards adopted by advanced countries in the world in ensuring safe consumption of food by the people.

However, we still need a comprehensive food tracing mechanism to enable the Government to trace the sources of problem food effectively and make swift responses in case of food incidents. To this end, we introduced the Food Safety Bill (the Bill) into the Legislative Council on 2 June 2010 and a Bills Committee was set up by the Legislative Council. We will make every effort to assist the Bills Committee to scrutinize the Bill to facilitate its early passage. Before the commencement of the Bill, we will help industry adaptation to the new requirements in the context of the details of implementation. After the passage of the Bill, we will also make new regulations to extend the existing import control to cover poultry eggs and aquatic products and consult the industry on the relevant proposal.

We cannot rely solely on the Government to ensure food safety. All advanced countries, including the Mainland, have also placed the responsibility on the industry. Most members of the industry in Hong Kong have a strong sense of responsibility and self-discipline. As all of us may be aware, the Food Safety Report recently released pointed out that the satisfaction rate in relation to food safety in Hong Kong was as high as 99.6%.

Some Members mentioned the Government's policy on pets set out in the Chief Executive's first policy address. I must point out that the Government has always been concerned about animal welfare, and in implementing any measures relating to pets, it must also give regard to the views of different sectors in society, including the concerns of people affected by the nuisance of stray animals and those of pet lovers. Members may also agree that cats and dogs are

pets, and they need the love and care of their owners. Foraging for food in the wild and living in the streets are not suitable for them. Very often, however, pet owners adopt or buy pets without thorough consideration and discard them for different reasons in the end. This has caused them to become homeless and being subject to threats arising from poor environmental hygiene and diseases, thereby causing nuisance to other residents. This is irresponsible behaviour indeed.

The Chief Executive also pointed out in the Policy Address that: "We should tackle the problem of stray cats and dogs at source." Therefore, we will continue to step up publicity and education to raise public awareness of responsible pet ownership.

A motion debate will be held in the Legislative Council next week to discuss animal policy and other measures relating to animal management and welfare. We are more than happy to listen to Members' views, and the Government is prepared to consider various measures as long as they can effectively improve animal welfare, balance the interests of different residents in the district and comply with the principle of public health and safety at the same time. Members must understand that effective animal management measures are crucial to the control and prevention of such communicable diseases as rabies. Therefore, we must continue to maintain the relevant policy in Hong Kong, which has been proven all along.

President, I hope our work in this regard will receive the support of the public and various parties, in particular the Legislative Council. We will continue to implement and promote the initiatives set out in this Policy Address and the Policy Agenda in a proactive manner. I hope Members will support the Motion of Thanks. Thank you, President.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, Honourable Members, I will make a few points in response to matters within the scope of home affairs.

I am very grateful to Members for their views on the sports development of Hong Kong. When speaking on sports in Hong Kong, Dr LAM Tai-fai mentioned that first, we should pursue diversified sports development rather than focusing solely on soccer; second, we should pursue sustainable development

rather than having only a passing concern about sports; and third, we should nurture athletes at the tender age. I very much agree to these three points.

The Government has launched a public consultation on whether or not Hong Kong should bid for the right to host the 2030 Asian Games. We see the proposal by the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC) to bid for the right to host the 2023 Asian Games as an opportunity to step up the implementation of our long-term policy objectives for sports. This multi-sport event will precisely promote diversified sports development rather than only focusing on a single sport. We will take 2030 as our goal and spend 13 years to nurture athletes precisely because we intend to nurture athletes at the tender age in a sustainable manner, rather than having only a passing concern about sports. Judging from overseas experiences and our experience in hosting the East Asian Games last year, successfully organizing such large-scale international events as the Asian Games will bring tremendous benefits to Hong Kong, such as promoting the sports culture, expediting the provision of enhanced sports facilities and enabling community participation in sports.

Some people queried whether it is worthwhile to spend over \$40 billion on hosting the Asian Games. Out of this amount, \$38 billion will actually be spent on the development of sports venues in the coming 13 years. These sports grounds will be suitable for long-term use by the community, schools and general members of the public. The objective of hosting the Asian Games is conducive to promoting the development of these facilities. We certainly understand that the decision to host the Asian Games requires public support. Thus, we have to conduct public consultation and obtain the support of the public and the Legislative Council Finance Committee before deciding whether or not to support the formal application of the SF&OC.

In about two weeks, the Asian Games — a mega sports event held once every four years in Asia — will be held in Guangzhou. This year, Hong Kong will send the largest team of representatives ever, with a total of some 540 athletes and staff, to participate in about 30 sports events.

In the future, we will continue to support the training and development of athletes through various initiatives:

- (a) We will earmark funding from the Arts and Sport Development Fund (ASDF) to enable elite athletes to prepare properly for and participate in various international sports events.
- (b) We will support elite athletes through the provision of direct funding, educational and career guidance and retraining to equip them for developing a "second career" upon retirement.
- (c) The redevelopment of the Hong Kong Sports Institute (HKSI), which is the training base for elite athletes, is in full swing. We will continue to supervise the relevant project to ensure its completion by the end of 2013. Through the Talent Development Programme launched by the HKSI and the feeder schemes of various national sports associations (NSAs), we will identify young and gifted athletes, including disabled athletes, and provide them with training.

In promoting "sports for all", we will follow up the recommendations of the study on "Sport for All — Participation Patterns of Hong Kong People in Physical Activities" and encourage public participation in sports. We will hold the 3rd Hong Kong Games in May and June next year. At the school level, the Leisure and Cultural Services Department (LCSD) will also encourage student participation in sports through the School Sports Programme.

In July this year, the Legislative Council Finance Committee approved an injection of \$3 billion into the ASDF as seed money. The annual investment return on this will be used for supporting the long-term development of the arts and sport. These additional resources will be used for first, increasing funding for supporting elite athletes' participation in major international sports events; second, giving more support to team sports; and third, organizing more school and district-level sports programmes.

We understand that the community is very concerned about how the Government will monitor subvented NSAs more effectively. The LCSD has completed a comprehensive review of the Sports Subvention Scheme and come up with a number of preliminary recommendations to improve NSAs' corporate governance.

Regarding intangible cultural heritage, we will continue to support the preservation of intangible cultural heritage. In particular, we will facilitate the sustainable development of Cantonese opera. We are currently conducting a territory-wide survey on Hong Kong's intangible cultural heritage, which is expected to be completed in the first half of 2012. We will enhance our support for conservation of intangible cultural heritage, including their identification, documentation, research, preservation and promotion. Findings of the territory-wide survey will facilitate our formulation of more comprehensive, concrete measures.

Concerning the regulation of the property management industry, we propose introducing a licensing regime for the industry by way of legislation to ensure its service quality. We have heard that some people are concerned whether introducing licensing will lead to monopolization of the market by large-scale property management companies controlled by real estate developers. We hope to listen to more public views during the consultation period, especially those from small and medium property management companies and individual property management practitioners. One of the options is to establish a two-tier licensing regime.

Small and medium property management companies and practitioners which/who meet the basic requirements will be eligible for a lower class licence. Property management companies and practitioners with better qualifications, financial position and experience may apply for a higher class licence. This way, as long as the specified requirements are met, property management companies and practitioners with varied qualifications and background will be able to continue to provide services to different types of buildings, thereby minimizing the impact of the licensing regime on the industry. If it is confirmed that a licensing regime for individuals is to be established, we will introduce a transitional period to allow people who are interested in becoming a professional housing manager sufficient time to enrol in the relevant professional courses. As these courses are generally three-year undergraduate degree programmes, we will make use of this transitional period to complete the necessary legislative work and set up the relevant regulatory authority.

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

Regarding efforts to improve the Building Management Ordinance (BMO), the Home Affairs Bureau will launch a new phase of the Building Management Professional Service Scheme (BMPSS) to provide the necessary professional advice and services to owners who cannot organize themselves for action or lack professional knowledge. Apart from assisting owners in implementing the necessary improvement works, the BMPSS will also enable them to understand that, for public safety and environmental health considerations, they must take up their own responsibilities as owners. Besides, we have been looking into perfecting the provisions in the BMO on the mandatory engagement of property management companies and the resources required for their implementation. Deputy President, I so submit.

DEPUTY PRESIDENT (in Cantonese): The second debate session ends. We now proceed to the third debate session on the theme of "Investing for a Caring Society". This session covers the following three policy areas: manpower, security (anti-drug policy); and welfare services (including social enterprise and family matters).

Members who wish to speak in this session will please press the "Request to speak" button.

MR CHAN KIN-POR (in Cantonese): Deputy President, the problem of poverty is becoming increasingly serious in Hong Kong, despite its economic prosperity. According to the statistics of the Census and Statistics Department (C&SD), the poverty rate of Hong Kong in the first half of this year was as high as 18.1%. In other words, about 1.27 million people are living in poor families, and the impoverished population has hit a historical high.

Regarding the causes of the wealth gap problem in Hong Kong, apart from the impact of the macro-economic environment, the Government is always aware that with the northward movement of the industrial production process and the shifting of manpower demand from manufacturing industries to services industries, economic restructuring is bound to occur in Hong Kong. Unfortunately, the Government has hitherto failed to redress the serious unbalanced industrial development at root. As the Policy Address this year has not given any weight to the development of the six industries, coupled with the

fact that the Government has failed to propose any comprehensive measure to complement the population policy of Hong Kong, there will be a large number of workers with low skill and low educational attainment, resulting in the ever worsening of the wealth gap problem in Hong Kong.

Frantic speculative activities in the property market and high rental have pushed up commodity prices, causing the living standard of the general public to decline rather than improve. The poverty problem has not only remained unresolved, but even worsened. The public's discontent arising from the Government's practice of favoritism towards real estate developers will naturally escalate.

At present, the problem faced by members of the public is that although they have been working very hard every day, their living standard has seen no improvement at all, or they may even be driven into poverty. The Government should indeed be held accountable for causing the public to suffer such a plight.

Actually, the disparity between the rich and the poor has given rise to many social problems, thereby causing social instability. The wealth gap problem is definitely one of the deep-rooted causes for the great difficulties in administration faced by the SAR Government in recent years.

The Policy Address this year has devoted great lengths to discussing the wealth gap in Hong Kong. It has set out a number of initiatives to address the disparity between the rich and the poor long and short term, such as increasing the textbook assistance for students in need and launching a Work Incentive Transport Subsidy Scheme; and long-term initiatives include legislating for a minimum wage to protect low-income workers. I very much support these initiatives.

However, the wealth gap problem of Hong Kong cannot be attributed to a single cause, and the structural problem of the Hong Kong economy cannot be solved by only adopting a few short-term initiatives. As for minimum wage, it is also unable to eliminate the numerous poverty problems. Individual workers, given their different family background, will still face the problem of working poverty.

To encourage low-income workers to become self-reliant such that they and their children can live in dignity, the Government has to improve the existing welfare system and the Comprehensive Social Security Assistance (CSSA) Scheme. Besides, it must also change its old mindset of focusing only on providing financial relief to low-income workers through social welfare. Rather, it should consider implementing measures to encourage employment, such as providing support to the working poor and their families along the line of tax credit so as to encourage them to work in dignity.

I think the Government should deal with welfare matters and working poverty separately. The problem of working poverty or even unemployment should be handled by departments responsible for labour-related matters rather than those responsible for welfare matters. As for matters relating to the old and feeble, the disabled and people who lack the ability to work, they should be specifically handled by departments responsible for welfare matters.

Besides, in order to truly solve the problem of an ever increasing number of workers with low skill and low educational attainment in the labour market as a result of economic restructuring and our population policy, the Government should analyse the population policy of Hong Kong and changes in the profile of our workforce, thereby enabling early planning of the development of different industries and labour markets. It should also put in place such targeted measures as provision of training and introduce measures to complement our existing population policy in order to absorb the low-income workers in the lower stratum of the workforce now and in the future.

In the long run, with the ageing of the population in Hong Kong, it can be anticipated that the ageing population will be another factor contributing to the problem of poverty in Hong Kong.

Deputy President, the Mandatory Provident Fund (MPF) System has been implemented for over a decade, and members of the public are already examining ways to redress the various ills identified so far, such as adjusting the maximum and minimum levels of the relevant income for contribution purposes. However, no matter how the MPF System is revised, it will not be able to solve a structural problem that greatly affect our society, namely the MPF System is simply unable to cater to the needs of the low-income group, the socially disadvantaged groups and imminent retirees.

According to the projection of the C&SD, the population of Hong Kong is ageing continuously. By 2033, there will be one elderly person in every four people. By that time, there will be a large number of poor and helpless elderly people in society who will need government assistance ultimately. Therefore, I think we should not evade the problem of the ageing population anymore. To prepare for the future, the Government should immediately examine the introduction of a universal retirement protection scheme before the problem further worsens and when resources are available in society.

I wish to talk about another key administrative initiative in the Policy Address. The Policy Address mentioned that the authorities will continue to work with the Family Council to launch the "Happy Family Campaign" throughout the territory to further promote family core values. Besides, they will launch a "Family Friendly Company Award Scheme" to commend family-friendly companies, with a view to encouraging the business sector to promote family core values and fostering an environment conducive to harmonious family relationships.

I am very supportive of this. However, it is not enough to only conduct publicity and offer encouragement in the form of slogans. Therefore, I have all along been hoping that the Government will take the lead in setting up a special task force and adopt new thinking to tailor-make a new occupational culture policy on work-life balance for Hong Kong, and introduce various measures to encourage companies in various industries and trades to, according to their needs and capability, actively promote more flexible working hours and other measures for work-life balance, thereby enabling their employees to lead a happy life and Hong Kong to become a more vibrant and competitive city.

Besides, in order to truly improve the quality of life of wage earners, the issue of working hours is crucial. I hope the Government will examine legislating for standard working hours expeditiously, having regard to the business environment and competitiveness of Hong Kong. During this process, the Government will be able to get hold of information on the working hours, benefits, work environment and work stress of employees in different occupations and from different strata in society. I believe the Government may formulate a new occupational culture policy on work-life balance for Hong Kong in parallel with examining the issue of standard working hours.

Deputy President, to enable Hong Kong to become a vibrant and competitive city, we must, apart from giving regard to the hardware, more importantly, foster a quality living environment to enable the public to lead a healthy life, thereby bringing vibrancy to Hong Kong.

Deputy President, I so submit.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, the discussion of this session is on a caring society. Regarding a caring society, the Government proposed setting up the Community Care Fund (CCF) this year. I think the CCF — what is so ridiculous about it is that no one would have expected that the Government could even think of this approach and collude with the business community through the CCF, to which I really have to surrender in "admiration" — the entire concept is in itself a huge mistake of the utmost absurdity.

If the Government intends to launch an initiative now, does it lack the resources to do so? No, the Government has sufficient resources to do so. Therefore, if the Government really intends to launch an initiative or the CCF; or if it thinks that subsidies or financial support should be provided to people in need, given the inadequacies in the relevant policy, it should do so on its own. However, by involving the rich, the Government has made the CCF neither fish nor fowl.

Frankly, if some tycoons wish to make donations, they have many avenues to do so, and these are their own decisions. For example, Warren Edward BUFFETT has donated all his wealth. However, the Government, which is already very affluent, is appealing to them for donations to set up a fund. Why? Would they become tokens of atonement? Did they obtain the money, as Ms Cyd HO said, from hell, from exploitation, and so they have to buy indulgences from the Government? We will not take such money, Deputy President.

Looking at the issue from another perspective, the money may be some kind of a commission, or some kind of kick-back given to the Government by the large consortia on the gains they have made. Why? Just come to think about it, if the Government really thinks that the large consortia in Hong Kong should take up more responsibilities, it should introduce a tax increase and a progressive

profits tax rather than setting up the CCF. However, the Government did not do so. What has it done instead? Let us recap some history. In 2007, Donald TSANG intended to run for re-election, and so he made an undertaking to his electors, including all the tycoons, that a tax cut would be introduced. By how much was the tax rate reduced that year? Back then, the tax cut was announced not by the Financial Secretary, but by Chief Executive Donald TSANG in his policy address. He introduced a tax cut of 1%. How much was 1% of tax revenue equal to? Back then, he said it was \$4 billion. However, it actually amounted to \$20 billion in his whole term. The amount of tax forgone during that period of time was \$20 billion, yet he is now calling on the tycoons to return \$5 billion. Is it not some kind of kick-back on the gains they have made? Why would it be meaningful this way?

If the Government formally introduces a tax increase of 1% to claw back the reduction back then, they will have to pay the \$4 billion in the end. However, after introducing a tax cut, the Government is now calling on them to make monetary contributions. I think this is not a formal and proper course of action. Deputy President, the proper course would be for the Government to pay out of its own pocket.

However, we do not only want the Government to earmark funding to set up the CCF either. What do we want the Government to do most? Actually, there is a paradox here. What exactly is the reason for the Government to set up the CCF? The Government is all along aware of this. Now, it has stated it very clearly, and I am very glad that it has finally admitted that there are inadequacies in the existing safety net: some people in need fall outside the safety net. Therefore, the authorities have to set up this fund to "catch" those people and bring them back into the safety net, so that the Government may render them support. This suggests that the Government has admitted that there are inadequacies in the existing safety net.

In his article, Chief Secretary for Administration Henry TANG said the CCF would be able to help those people outside the safety net, and that the authorities would review the relevant policy in the future. I hope this is true. Perhaps the two Secretaries may confirm later on whether the Government will mend the eyes of the net and follow a proper course of action by reforming and improving the safety net system in providing financial assistance to people in need in future, as there are indeed inadequacies in the safety net. If some people

outside the safety net are in abject poverty, the authorities should improve the safety net rather than setting up a fund to "dish out money". Worst of all, we even have no idea so far how money will be dished out.

Therefore, I hope the two Secretaries, Secretary Mathew CHEUNG in particular, will give a response later on whether the authorities will review policies relating to the safety net in future to bring those people who are not caught by the net back into the safety net again. I hope the Government will be able to do this with regard to social security.

Besides, regarding the actual operation of the CCF, what will be the arrangements? We have no idea how money will be dished out. Who will dish out the money, how will it be dished out, and will certain organizations be tasked with this? If certain organizations are tasked with dishing out the money, they may charge administrative fees. Actually, who has the most experience in handling such cases? It is the Government. The Government knows most clearly which group of needy people's applications for CSSA will be rejected. For example, those Mainland single mothers on Two Way Permits have to live on the CSSA payment for one person together with their children in Hong Kong. The authorities actually know very clearly that people involved in these cases need help. Another example is cases of some needy elderly who live on the "fruit grant". The Government should also know these cases very clearly as most of them are handled by the Social Welfare Department (SWD). Therefore, may I ask the Secretary to consider tasking the SWD to dish out the money from the CCF?

All needy people falling outside the safety net should receive subsidies from the SWD. However, should these subsidies be granted on a monthly basis? If not, what is the use of them? If subsidies are only granted for a single month, the problem cannot be solved at all, and these people will still live in poverty after their livelihood has been improved for one month. What should be done then? People currently covered by the safety net receive subsidies every month rather than on a one-off basis. Therefore, if this fund is really set up eventually, that is, if this idea is implemented after all the indulgences are collected, I hope the Secretary will, in formulating the relevant arrangements, consider tasking the SWD to grant the subsidies so that those people in need can really receive assistance.

Deputy President, regarding manpower, I must raise the issue of standard working hours. In this regard, we certainly welcome the authorities' initiative to launch the relevant study. However, as this study will take more than one year to complete, by which time the Chief Executive will no longer be in office, it will be handled by the next term of the Government. Therefore, the greatest worry of the labour sector and the Hong Kong Confederation of Trade Unions (CTU) is that this study will not lead to the introduction of the relevant legislation ultimately. We have all along been requesting the Government to provide a timetable and a roadmap, but they are still not yet in sight. The Secretary has only undertaken to conduct a study, but this is not enough. We demand that the authorities make an undertaking now on the timing of introducing the legislation; otherwise we in the CTU will have to liaise with the next Chief Executive in advance. Unfortunately, however, he will be elected by a small circle and influenced by a small circle more than by the general public. I really hope the next Chief Executive will include this issue in his political platform, or workers will suffer a severe blow. Even if the incumbent Chief Executive has conducted all the relevant studies, it will be futile in the end if the next Chief Executive does not include this in his political platform.

Regarding the CTU, we certainly will mobilize all member organizations and workers in Hong Kong to fight for reasonable working hours. We hope the standard working hours per week will be set at 44 hours, and work in excess of the 44 hours will be eligible for overtime allowance. Deputy President, no legislation on overtime allowance is in place in Hong Kong now, and workers have to work overtime without compensation at all. In other words, after working for eight hours a day, they have to work for two or four more hours without receiving any overtime allowance. To put it in a mean way, the employers "dine and dash". I think such practice should be eradicated, and we should legislate against this practice of "dine-and-dash". Secretary, it is not really necessary for you to conduct any studies. We have already done the calculation and found that employers have taken from their employees \$24 billion annually of the so-called — in other words, the total payment of the annual overtime work without compensation should be \$24 billion. We only hope to get back something due to us. The regulation of working hours is vitally important because it can help workers strike a balance among work, life and family.

The Secretary and the Chief Executive propose the so-called parent-child training and family friendly measures. However, if the issue of working hours is not properly dealt with, all these will only be empty talk. If the problem of working hours is not properly resolved, how can family friendly measures be implemented? If no regulation on working hours is in place, family relationships will definitely be damaged. Recently, Members may have noticed Hong Kong's position on the global prosperity ranking. However, one of the paragraphs of the relevant report pointed out that the stress index in Hong Kong is the 10th last in the world, which means workers and people in Hong Kong are living in the 10th most stressful city in the world. How shameful! What kind of prosperity is this? Prosperous as this city may be, how can we say that there is prosperity when all the people are under stress? Therefore, if the problem of working hours is not properly dealt with, stress will continue to compress the workers. We really hope that the Secretary will present to us a legislative timetable and a roadmap.

Besides, we are also very concerned about two major poverty issues, and we hope the Secretary will heed to our views. According to a survey conducted by the Hong Kong Council of Social Service (HKCSS), there is one elderly person in poverty in every three elderly people. As can be readily imagined, the reason is that a pension system is lacking in Hong Kong, and the Mandatory Provident Fund (MPF) System is not really helpful. The major benefit of the MPF goes to the funds, which are provided with the capital for speculative activities. As for offering retirement protection to workers, the MPF may not be very useful. Therefore, we have all along been advocating a universal old age pension (OAP) scheme, a universal retirement protection system, which is also advocated by many social organizations and civic groups. We hope the OAP scheme can immediately disburse to existing elderly an amount of \$3,000 monthly. It is not a "fruit grant" in the form of almsgiving but a dignified pension of \$3,000, which is actually not a large amount. It stirred up some feelings in me when I saw that people in France would go on strike only because the retirement age may be extended for two years, while Hong Kong people are so submissive that they have never gone on strike to fight for their pension rights. But these submissive workers and submissive people are bullied by the Government and deprived of any pension or retirement protection.

Another issue of concern to us is working poverty. Deputy President, the Government has proposed the provision of a transport subsidy, and we have been

talking to the Government about this all along. We certainly agree to expanding the scope of the Transport Subsidy Scheme (TSS) from four districts to all the 18 districts across the territory. However, I have two major concerns. First, the Scheme will not cover part-time workers, which I think is unfair to them. Those who work very hard as domestic helpers and part-time workers also need to pay transport fares. Do the authorities discourage them from working? The purpose of this Scheme is to encourage employment, so for this reason part-time workers should also be entitled to the transport subsidy. We agree that the amount of subsidy may be reduced by half because they may pay less in transport expenses, and we can discuss this.

Second, we are worried that the Government's idea this time around is different from that of the previous scheme. Under the previous scheme, the means test was conducted on an individual basis and the asset limit was \$44,000. However, we are worried that now the Government will conduct a means test on a household basis. If this is the case, many people will not be eligible for application. As Members may know, many people dislike undergoing a means test which is applied to everyone in the household, or else they might have already applied for CSSA for low-income earners. Therefore, the authorities must not turn the TSS from a scheme with a means test applicable to an individual to one with a means test applicable to the entire household. If the authorities really do so, this TSS will become totally meaningless. If the authorities really introduce a means test applicable to the household, it should first review the CSSA System with regard to low-income earners, so that more low-income earners will be able to receive assistance under the CSSA scheme.

Therefore, Deputy President, we very much hope the TSS will be implemented expeditiously to alleviate the burden of exorbitant transport expenses on workers and encourage them to work. However, we ultimately hope that tax credit will be introduced in Hong Kong, which is really the ultimate solution to the problem of working poverty. It is only when minimum wage and tax credit are implemented in parallel that the problem of working poverty can be resolved. I also hope to remind the Secretary that we have been raising the issue of poverty every year. I hope there will be more positive development on this front in future so that we will not be let down time and again.

Finally, Deputy President, I wish to say I am certainly glad that the legislation on minimum wage was successfully enacted, but I am also infuriated because a member of the Minimum Wage Commission, Mr Michael CHAN, that is, Chairman of the Café de Coral Group, took the lead to adopt a mean tactic to force workers to forfeit their 45-minute paid lunch break. Although workers are given a pay rise, their paid lunch break has been cancelled, which is tantamount to a pay cut. Although Café de Coral is a large corporation, and Michael CHAN is also involved in the discussion on determination the minimum wage, it turned out in the end that such an unscrupulous tactic was adopted. Worse still, I am worried that such a tactic will become an example for other employers to follow, thereby leading to the dire consequence that such protection for workers will very soon be subject to exploitation through unscrupulous practices. We wish to strongly protest against this practice of Café de Coral. I still remember that Mr Paul CHAN once asked whether the CCF would accept contributions of dirty money.

However, why did this happen? Because Café de Coral has adopted a high-handed approach by varying the contracts unilaterally and forcing workers to agree to the variations and give a signature of consent. This is the high-handed approach adopted by Café de Coral. Secretary, I think you must be able to guess that I am going to talk about the right to collective bargaining next. Why did this situation happen? Because the Government refuses to establish a collective bargaining system. If a collective bargaining system is in place in Hong Kong, employers will have to consult the relevant unions or worker representatives before any variation to contracts can be made, and then employees may negotiate with the employer under such a mechanism, unlike what happened in the incident involving Café de Coral, in which the employer had varied the contract unilaterally and forced employees to give their signature of consent one after another. Therefore, what are the complementary measures for minimum wage? Apart from standard working hours, another important complementary measure is the right to collective bargaining. It is only when a collective bargaining system is established that workers in Hong Kong can protest against such acts as the unilateral variations of contract by Café de Coral using a high-handed approach.

From a positive point of view, we hope that after the establishment of a collective bargaining system, workers will be able to share the fruits of prosperity. When the right to collective bargaining is available, we can encourage workers' unions to negotiate with employers. We believe that pay

risers offered at that time will no longer be like magnanimous almsgiving, with such a rate of 2.5% to 3.5% as proposed by the Employers' Federation of Hong Kong now. Actually, the current inflation rate in Hong Kong is already 2.5% to 3.5%, and the real-term economic growth is 5%. We hope workers will be able to share the fruits of prosperity, thereby living in dignity.

Deputy President, I should still have one minute of speaking time left. Regarding the right to collective bargaining I mentioned just now, the CTU hopes that the law on the right to collective bargaining proposed by us from the CTU and repealed in 1997 can be restored as soon as possible, so as to restore a balanced employer-employee relationship in Hong Kong. Otherwise, everything we said just now about the manpower policy and the welfare policy will become futile because no right to collective bargaining is available in the end to enable employers and employees to negotiate, on an equal footing, over how the fruits of prosperity should be shared in Hong Kong. This Policy Address proposed "sharing prosperity", and as I mentioned in the first session, it is now "exclusively enjoying prosperity" (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR LEE CHEUK-YAN (in Cantonese): it is only when there is the right to collective bargaining that "sharing prosperity" is possible. Thank you, Deputy President.

MR RONNY TONG (in Cantonese): Deputy President, many leaders will leave footprints in history. For example, the footprint of Barack OBAMA is obviously whether the healthcare reform in the United States will be a success; TUNG Chee-hwa's footprint is certainly his failure to enact legislation on Article 23 of the Basic Law; and as for the incumbent Chief Executive Donald TSANG, he has made "achievements" in a particular large number of ways. Apart from establishing the culture of distinguishing affinity differences, I believe his most important "achievement" is adopting a *laissez-faire* approach in relation to the welfare policy.

Deputy President, many statistics will be available in the future to prove the great achievements under the governance of Donald TSANG. For example,

the latest statistics show that the number of working poor has increased from 173 000 in 2005 to 192 000 in the second quarter of 2010. Among these people, 124 000 have an income lower than the CSSA payment. Calculated on the basis that the average household size is three to four people and there are 7 million people in Hong Kong, the number of people in working poverty households is 660 700. In other words, there is one person living in poverty in every nine persons from working households.

Deputy President, does this so-called *laissez-faire* approach mean that the Chief Executive has failed to do anything at all? No, just that what he has done in such areas as the "fruit grant" and the transport subsidy is like squeezing toothpaste out of a tube, and the toothpaste this year is the concession made with respect to the so-called Old Age Allowance (OAA). Paragraph 66 stated the proposal to "substantially relax the limit of absence from Hong Kong for the OAA from the present 240 days to 305 days a year, thus enabling elderly recipients to receive [the allowance] as long as they have resided in Hong Kong for 60 days a year". It is great mercy, and so we have to express our gratitude. Has the Chief Executive ever thought about why elderly people have to leave their hometown and spend the rest of their humble life in the Mainland? Is it the elderly policy of the SAR Government to push everyone back to the Mainland? If so, would it not be simpler if the limit of absence is relaxed to 365 days a year?

Mr LEE Cheuk-yan put it most correctly just now. There are strong appeals outside this Council for introducing universal retirement protection. We have put forth this proposal for years and submitted all the statistics to the Government, but why has it not taken any action so far? At least, it should get started, and we hope that some achievement can be made in five or even 10 years' time, so that the elderly will not be left with the only choice of spending their twilight years humbly in the Mainland. This is what I meant by the *laissez-faire* approach adopted by the Chief Executive.

When I said the Chief Executive had not done a good job, he only smiled in return. When I met with him, I said social mobility in Hong Kong nowadays had worsened instead of improved, and this was especially true with the young people. The Chief Executive responded that it was only a snapshot, which means it was only the picture captured at the moment the snapshot was taken.

Even if it was the case, it would still be unacceptable. Why has social mobility, which used to be so dynamic in the colonial era, worsened after the reunification?

Deputy President, I do not have much time left, and I also wish to talk about the Community Care Fund (CCF). It is not wrong to require businessmen to make contributions, but businessmen, by definition, are people whose primary task is to reap profits and make gains, and they have to be accountable to the shareholders. We certainly welcome any extra monetary contributions to help the most needy in Hong Kong. However, the Government should not take other people's acts of generosity as its own effort to fulfill its fundamental duty. Poverty alleviation is the Government's fundamental duty and it should not shift it to the business sector. What is most puzzling is that initially the Government said the ratio of contribution would be 1:1, that is, if the business sector contributes \$5 billion, the Government will equally contribute \$5 billion. However, now that the response of the business sector is so positive, the Government "chickens out" and says it may not necessarily make contributions on a 1:1 basis.

As I said at the meeting of the relevant panel, when Hong Kong people think the business sector is unscrupulous, does this not show that the SAR Government is even more so? Yet, we are facing another big problem. Now that the Government has appealed to the business sector for contributions, some large real estate developers said the Government should not regard this as tax revenue and they would not do any favour, while other real estate developers may reduce their donations for other charity organizations as they may feel aggrieved at being forced to make contributions. It is also possible that they can get back the same amount simply by increasing the sale price of properties by \$1 per sq ft, as fleece comes off the sheep's back. Does the Government want to push real estate developers to do so? Besides, although it is still not clear for what purposes such a huge amount of money will be used, the Government is asking them to do their utmost to make contributions. When they are about to do so, the Government refuses to make contribution on a 1:1 basis.

The Chief Secretary for Administration said it was ridiculous to say that the money may be used to help him run for the Chief Executive election and questioned why people would think so. This is the perception of the public. Deputy President, many funds set up in the past have become the political

benefits of some under the culture of distinguishing affinity differences. While proposals put forth by some political parties can receive fundings very easily, other proposals will never be approved. Will this CCF be again reduced to a machine for taking political advantages? No one knows. If the authorities do not enhance the standard and transparency of its operation to make it readily comprehensible to all, Hong Kong people will inevitably have a misperception about the usage of the CCF. However, the question remains after all: Why does the Government not fulfill its own responsibility but forces the business sector to make contributions? If the business sector does so voluntarily, as I said just now, it is very good, but the Government still has to fulfill its own responsibility all the same.

Deputy President, I wish to spare some of my speaking time to talk about constitutional matters tomorrow, but I must censure the Government here. Over the past seven years, we have not seen any effort made by Chief Executive Donald TSANG to bring significant improvement to the long-term policy on welfare. He wished to muddle through by making piecemeal amendments and offering small favours, but Deputy President, when we take a retrospective view at the governance of this era in the end, we will realize that this may be the most shameful era of Hong Kong after the reunification.

Thank you, Deputy President.

MS LI FUNG-YING (in Cantonese): Deputy President, in this session, I will focus on expressing my views on the issues of manpower and welfare. These two issues are closely related to the two core issues of wealth gap and elderly welfare mentioned in the Policy Address. For someone who has been involved in labour movements for a few decades, the comment made by the Chief Executive in the Policy Address that "some suggest it is time to embark on a policy study on standard working hours" is a great cause for concern. Subsequently, the Chief Executive further pointed out in the Question and Answer Session on the Policy Address that legislation on standard working hours must ultimately be introduced. Undoubtedly, the labour sector welcomes the Government's move, yet we are dissatisfied that this move is too small, and there is neither any clear objective nor any legislative timetable.

In the past few decades, the setting of standard working hours has all along been the goal of the labour movement. I have been a Member of this Council for 10 years. In discussing lifelong learning, the Qualification Framework and family-friendly initiatives, as well as supporting ageing in the community and legislating for a minimum wage recently, I have always stressed that in the absence of standard working hours, these policies and proposals will hardly achieve any result. In June this year, Dr LEUNG Ka-lau's motion on legislating for "standard working hours" as amended by me was passed by this Council. In the Policy Address, the Chief Executive said, "We must handle this complex and controversial issue with care to strike a balance between the interests of various sectors." My response is there is no public policy which is not complex and controversial and does not require handling with care to strike a balance between the interests of various sectors. Therefore, this should not be an excuse for the Government to delay the introduction of the relevant legislation. However, I agree that on the premise of legislating for standard working hours, the authorities should listen more widely to different opinions in society so as to perfect the legislation.

The second point I wish to make is about the transport support scheme on employment. From its fermentation to implementation, the scheme has now evolved into the Work Incentive Transport Subsidy Scheme. I suggested that the scope of the relevant scheme must cover all districts across the territory, and it can be said that this requirement has already been met, albeit it has developed from a kind of transport support to a transport subsidy. I hope the Government can make improvements to two aspects: first, withdrawing the proposed means test so that all low-income workers will be eligible for the subsidy; and second, providing half-rate subsidy to workers who work 36 hours a week.

In resolving the wealth gap problem, the Policy Address has admitted the existence of problems. However, I cannot see any concrete remedies proposed by the Chief Executive. The Chief Executive pointed out that education is fundamental to alleviating intergenerational poverty. In March this year, Premier WEN Jia-bao also pointed out in the government work report delivered at the National People's Congress that high priority would be given to developing education; and if there is no universal education, there will be no strong country. Recently, I have read an interview of the 2003 Nobel Peace Prize laureate Shirin EBADI, an Iranian human rights lawyer. She said the solution to terrorism is

not military action, but education. Deputy President, all these issues, from international anti-terrorist actions, the prosperity of our nation to poverty alleviation initiatives of the SAR Government, are somehow related to education. What does this suggest? It only suggests that education has become an indispensable element of modern society. However, education alone cannot resolve all social problems.

The United States is arguably among the top few countries in the world with the most advanced development in education, but it is also one of the countries with the widest wealth gap among developed countries. Richard SENNETT, a world-renowned British scholar, made an estimate in his book *The Corrosion of Character*, that among people aged 25 in the American population this year, 41% possess a four-year college degree and 62% possess a two-year community college degree, but only 20% of the jobs in the job market of the United States require university qualification, and the growth of jobs requiring high educational attainment in the job market is slow. At present, the income of the richest 1% of the American population accounts for 24% of the total national income. Richard SENNETT's analysis and the reality in the United States have spoken strongly against the Government's attempt to use education as the magic "cure" to cover up its inability to narrow the wealth gap. Now, President Barack OBAMA of the United States is making great efforts to restore the American economy which is still in the trough on the one hand, and promoting a tax reform to alleviate the wealth gap on the other. Undoubtedly, Barack OBAMA is a politician, and our Chief Executive has also claimed himself to be a politician, yet I cannot see the courage and resolution of Barack OBAMA in the Chief Executive in resolving the wealth gap problem in Hong Kong.

Deputy President, another trick of the Government with regard to poverty alleviation is setting up the Community Care Fund (CCF). I believe no one in society will object to allocating additional funding to help the socially disadvantaged groups. However, the Government's fiscal reserve reached as much as \$542.2 billion in January this year, yet it still intends to adopt the approach of "when you give \$100 million, I will give \$100 billion", with the Government and the business sector each contributing \$5 billion to the so-called CCF. Just forget about the suspicious move of tasking the Chief Secretary for Administration to manage the CCF for the time being, first, the Government is not in lack of resources and funds, and more importantly, when the Government and non-governmental organizations (NGOs) compete for the goodwill of the

business sector, NGOs will face more difficulties in getting resources in the end. If the Government insists on setting up the CCF, I propose that it should re-establish the Commission on Poverty, which should be tasked with launching poverty alleviation initiatives afresh and supervising the allocation of funding from the CCF.

Deputy President, the third focus of the Policy Address is elderly welfare. In this regard, I am most concerned about elderly care. If comprehensive elderly care measures are in place in society, other problems, such as the limit of absence from Hong Kong for the "fruit grant", can be easily solved. There are basically two areas in elderly care. First, as Mr CHIM Pui-chung said in the first session, the Government may discuss with the Guangdong Provincial Government the setting up of an elderly community in Guangdong Province; second, the Government should support ageing in the community and institutional care in Hong Kong. While I think the provision of local institutional care for elderly people should remain the focus of our policy, supporting ageing in the community and institutional care are equally important in the elderly policy. We should not only attach importance to supporting ageing in the community while neglecting that in the overall policy on elderly care, institutional care is still the final resort for elderly people hoping to lead a peaceful and contented life in their twilight years.

Deputy President, the Policy Address also mentioned the problem of an ageing population in Hong Kong. The Chief Executive said there is a suggestion in the community that the Government should introduce a maintenance allowance for our retired senior citizens, and he has asked the Secretary for Labour and Welfare to conduct a study in this regard. However, there is an even louder voice in society demanding the Government to introduce universal retirement protection. I am disappointed with the Chief Executive heeding different voices on a selective basis. I request that a study on universal retirement protection be conducted in parallel with the study on a maintenance allowance for our retired senior citizens to ensure that elderly people who once contributed to the prosperity of Hong Kong in different roles and positions can enjoy their twilight years in peace and comfort.

Deputy President, I so submit.

MR IP KWOK-HIM (in Cantonese): Deputy President, on behalf of the DAB, I will express its views on matters of manpower in the following areas.

On the Work Incentive Transport Subsidy Scheme, we highly welcome the expansion of the Scheme by the SAR Government to the whole territory following the persistent endeavours and lobbying by the DAB. This is another major breakthrough in the policy on supporting employment after the introduction of a minimum wage. As a result, this Scheme will be transformed from its original pilot nature of helping residents in remote areas to work or find work across districts into a system that complements the minimum wage. Moreover, this is a more extensive and effective long-term measure capable of encouraging employment. We hope that the Government can announce the details of this new Scheme as soon as possible, so that the Scheme can cater closely to the actual needs of low-paid workers and enable more people in need to receive such assistance.

However, the DAB has to stress here that as its name implies, this Scheme is designed to encourage employment, so we call on the authorities to ensure that people looking for employment will still be able to benefit from the expanded new Scheme, so as to speed up job matching and ease the mismatch of jobs.

Concerning standard working hours, earlier this year, the DAB demanded that the Government launch a study on standard working hours after the minimum wage has been implemented for some time. Now, a minimum wage has yet to be determined, but the Government has already said that it would launch a consultation and study on standard working hours. The DAB welcomes this. The DAB holds that there is no doubt the introduction of a policy on standard working hours can foster harmonious family relationships in Hong Kong and we believe it will also be conducive to strengthening both family education for children and the bond between parents and their children. However, standard working hours are a complicated subject matter. Although this measure can boost the protection for the health and rights of workers, it also has intricate relationships with and many implications on economic development. The past success of Hong Kong can be attributed to the hard work of a multitude of people and often, they have to take several jobs at the same time or work long hours every day to accumulate wealth gradually. Of course, there is a need to conduct a review to see why such a situation has arisen. However, this is actually a kind

of personal special habit found in Chinese communities for a long period of time and also some kind of a tradition among those people. For this reason, when setting standard working hours, we should not just transplant the work mode in Europe; rather, we should have regard to the situation in Hong Kong, the Chinese tradition and culture. This is very important to Hong Kong. Therefore, the DAB holds that when setting standard working hours, we should proceed carefully. We hold an open attitude towards legislation on standard working hours and hope that the Government can conduct an extensive and in-depth study, then deal with this matter cautiously.

In addition, I wish to talk about the review of the statutory "418" requirement. The DAB believes that with the implementation of a minimum wage, instances of bogus self-employment and the number of part-time jobs in the service industries will increase gradually. The Government must address this seriously. In fact, the global trend in recent years is running towards an increasing proportion of part-time and freelance jobs. In order to enhance the protection for the labour rights to which part-time workers are entitled, once again, the DAB urges the Government to speed up the review of the "418" requirement relating to continuous contract under the existing Employment Ordinance. Nowadays, the international community has attached greater importance to the welfare of part-time workers, and both the International Labour Organization and European Union have put in place measures to protect the due benefits of part-time workers. These benefits should be on a par with those of full-time workers. Even if the benefits between the two are not entirely the same, part-time workers should be offered benefits on a proportional basis. Therefore, we hope the Government can consider this point seriously, so that the situation of full-time workers enjoying benefits but part-time workers not enjoying any would not arise. For this reason, we wish to express our concern about this matter and ask the Government to begin to examine the existing "418" requirement.

Thank you, Deputy President.

DR JOSEPH LEE (in Cantonese): Deputy President, I would like to talk about the elderly issue in this session. The Chief Executive has devoted some paragraphs to the elderly in the Policy Address. He seems to have put forward

many good proposals, such as relaxing the limit of absence from Hong Kong for the Old Age Allowance, extending the Integrated Discharge Support Programme for Elderly Patients, increasing the supplements for caring elderly people suffering from dementia, providing more residential care places, and so on. All these seem to be good proposals.

In our view, however, a comprehensive elderly care policy should not be confined to these issues, because the comprehensive elderly care policy that we are talking about should cover not only the welfare aspect, but also the housing and healthcare aspects. Let us not forget that, despite an ageing population, not all elderly people require care by other people. Of course, the Policy Address has also promoted the idea of ageing at home. But it is not the case that ageing at home can be achieved by providing residential care for the elderly. Ms LI Fung-ying has made a very important point, that ageing at home and residential care should be promoted as two separate vectors. Residential care refers to elderly people being taken care of by other people in the community, but this does not mean ageing at home. The idea of ageing at home is simple. It means enabling elderly people with the ability to take care of themselves to enjoy their old age in their own community. However, the Policy Address has not mentioned this part, and especially under the current circumstances, we should help this group of elderly people to develop their self-care ability, so that they can spend their twilight years healthily in the community.

Such being the case, the Government is duty-bound to provide sound support facilities, such as training up teams of elderly carers in the community to help these elderly people and reduce their burden in daily life, so that they can enjoy their old age freely in the community. This is what the idea of ageing at home means. The Policy Address has no doubt mentioned such other measures as buying residential care places. I heard the Secretary say that the Government would buy more places in residential care homes for the elderly (RCHEs), in order to shorten the waiting time. This is a good thing. But we can see that this initiative has stressed only the quantity, rather than quality. As I said just now, the Government can allocate some resources to assisting the healthy elderly to age at home and spend their old age healthily.

Moreover, in respect of residential care, the elderly actually need not only provision of residential care places as soon as possible. They need all the more quality RCHEs for them to age with dignity. From what we can see, these

elderly people are not protected by the law. As I have pointed out repeatedly on various occasions, the protection provided by the existing legislation is that every 60 or more elderly people must be taken care of by one professional (such as a nurse or social worker). But many private RCHEs do not meet this standard, and the Government has not fully discharged its responsibility in carrying out inspections, nor has it conducted any assessment of these RCHEs. Of course, the Secretary may say that they have in place a "three-tiered" standard, but can all RCHEs reach this standard? The Government may be able to monitor those RCHEs with places purchased by the Government, but how can the private RCHEs be monitored? If the Government does not monitor the private RCHEs, how can their quality be assured? It is not the case that the Government can achieve ageing in community for the elderly simply by purchasing residential care places to increase the provision of such places and shorten the waiting time.

Therefore, while the Chief Executive has made some good proposals in the Policy Address, I hope that the Secretary can also do better by strengthening the monitoring of the quality of RCHEs. Certainly, manpower support is very important. With regard to the community pharmacist scheme mentioned in last year's policy address, I have no idea about the progress of the scheme, and there is no mention of it in this Policy Address. Has the scheme come into effect or not? It has been almost one year since. Have these community pharmacists provided services at RCHEs? Do their services serve the needs? We have no idea at all. To the elderly, especially elders living in RCHEs, the taking of medicine and the handling of medicine are very important, and how can they manage to do it? I hope the Government can provide information in this respect.

Therefore, with regard to the quality of RCHEs, the Government should train nurses, social workers and other professional healthcare teams as appropriate. The concept of case manager should be implemented in RCHEs. Only in this way can the quality of RCHEs be assured.

Lastly, I hope the Secretary will understand that an accreditation mechanism is very important to monitoring the quality of RCHEs. At present, two major organizations are responsible for operating the accreditation mechanism, and I think the Secretary should know this better than I do. That said, I hope the Secretary will examine whether private RCHEs can pass the accreditation, in order to assure their quality and prevent elderly abuse.

Deputy President, I wish to point out that although the Chief Executive stated in the Policy Address that he would jointly examine with the Elderly Commission the service and financing modes for elderly care in the future, this was all that he had said, without providing a timetable and explaining the approach to be taken. I hope the Secretary can give us some explanation on the timetable.

Thank you, Deputy President.

MR TAM YIU-CHUNG (in Cantonese): Deputy President, on behalf of the DAB, I will put forward our views to follow up social service matters in six areas.

As the minimum wage system will be implemented next year, I would like to urge the Government to expeditiously review the relevant complementary welfare and social measures. The implementation of the minimum wage system will have a significant impact on Hong Kong. Insofar as the employment market is concerned, it is expected that the impact on elderly elementary employees will be more on negative side. For this reason, the Government must formulate counter-measures early to help the elementary employees who would bear the brunt by, for instance, expediting studies on ways to introduce unemployment assistance, wage subsidy schemes, and so on, instead of relying solely on the Comprehensive Social Security Assistance (CSSA) System.

The amount of minimum wage also involves necessary adjustments to the thresholds for applying for various welfare or assistance initiatives, such as low-income CSSA, public housing applications, and even textbooks assistance. At present, if the monthly income of low-income CSSA recipients reaches \$4,200, \$1,700 of the employment earnings will have to be deducted from their CSSA payments, whereas those earning more will have all their earnings deducted from the amounts of CSSA they receive. As the line of \$4,200 will definitely be far lower than the minimum wage level, the disregarded earnings mechanism for CSSA should be further relaxed. Meanwhile, as for the qualifications for applying for public housing, given that the monthly maximum income limit for a singleton applicant is \$7,789 (monthly MPF contribution not yet deducted) and that for a two-person family is \$12,211, a couple whose monthly income just meets the minimum wage level might become ineligible for applying for two-person public housing after the implementation of minimum wage. As

conflicts like these will continue to be highlighted, I call on the Government to make suitable adjustments in a timely fashion.

The Policy Address this year has taken on board the DAB's proposal with its pledge to increase the flat-rate grant under the School Textbook Assistance Scheme and streamline the approval procedures so that the grants can be disbursed to low-income families before the new school term begins. I have also put forward my view in this Council to the Chief Executive that, given the exceedingly high threshold for applying for textbook assistance, many families are ineligible for the assistance. Moreover, 70% of those which were eligible to apply could receive only half grants of \$1,000 or so. For low-income families, this amount of assistance can simply not meet their school-related expenses when the new school term begins. This is why I hope the Government can relax the threshold for applying for textbook assistance so that full grants can be disbursed to more low-income families. The Chief Executive promised me at the meeting that he would follow up the matter with the Secretary for Education. I hope I can hear good news from him.

As for new arrivals, we also hope to provide them with assistance or measures to relieve their financial difficulties. Concerning one of the measures I wish to point out here, I think the Government should consider the fact that non-local pregnant women who are married to Hong Kong people are now charged \$39,000 for giving birth in Hong Kong, like other non-local pregnant women. This is an extremely heavy burden for low-income families. In fact, the Hospital Authority should revise the relevant charging mechanism and policy and formulate remission measures, so that non-local pregnant women married to Hong Kong permanent residents can pay less for giving birth in Hong Kong should they have financial difficulties.

Lastly, I would like to say a few words about elderly services. The Government has undertaken to provide additional subsidized residential care places for the elderly. However, I think an even better and more responsible approach is for the Government to establish a service delivery pledge. This means that targets should be set for the waiting time for provision of service, including residential care homes, homes for people with disabilities, community care, and so on, and these targets should be used for planning the injection of resources in the coming five and 10 years. For instance, in terms of residential care places, more than 6 000 people with disabilities on the central waiting list are

currently waiting for subvented residential places. As for elderly people, 25 600 people on the central waiting list are still waiting for admission to various kinds of subvented residential places, with more than 19 000 of them waiting for care and attention home places. The waiting time is currently 32 months on average. The Government must do better planning and undertake to shorten the waiting time for access to these services.

Apart from this, the Government proposes in the Policy Address that the Elderly Healthcare Voucher Scheme will be reviewed, and funds have been earmarked for this purpose, too. The DAB would like to reiterate that we hope the review can eventually raise the value of vouchers to \$1,000 per annum and lower the eligibility age to 65. Meanwhile, the Policy Address has proposed relaxing the limit of absence from Hong Kong for the Old Age Allowance from 240 days to 305 days a year, thus enabling elderly recipients to receive a full-year allowance as long as they have resided in Hong Kong for 60 days in a year. Although this relaxation measure has brought about some slight improvement, a major problem still remains. It has also been pointed out by many people that the Government is making life difficult for the elderly by requiring them to stay in Hong Kong for 60 days. Hence this measure still has a lot of inadequacies. After all, elderly people wishing to stay in the Mainland for a long period will still need to travel between Hong Kong and the Mainland because of the limit of absence from Hong Kong, thus making it impossible for them to enjoy their retirement life in the Mainland with peace of mind. In order to address this problem, apart from abolishing the limit of absence from Hong Kong, the DAB proposes a brand new concept called subsidy for living in hometowns scheme. Of course, this is sort of a cross-boundary welfare subsidy scheme. By cross-boundary, it means that the elderly can still enjoy the subsidy even if they have left Hong Kong. This time, the Chief Executive has undertaken to conduct a study on it. The proposed scheme can be modelled on the existing Portable Comprehensive Social Security Assistance Scheme. If Hong Kong permanent residents of Chinese nationality decide to spend their retirement life in the Mainland, they may receive in the Mainland a sum of money each month for subsidizing their living expenses. Therefore, there will be no limit of absence from Hong Kong under this brand new welfare scheme. In other words, the elderly can rid themselves of the limit of absence from Hong Kong, and so they can retire in the Mainland with peace of mind. Should the elderly decide to return to take up residence in Hong Kong, they may switch to other welfare schemes. The principle of these schemes is to allow the elderly greater freedom

in choosing the places for their retirement life. Therefore, there is no question of forcing the elderly to live in the Mainland. Instead, the elderly are allowed to freely choose the places for retirement life. I hope further consideration can be given to extending the scope of the schemes to cover healthcare, care services and other welfare items involving elderly people, so that they can return to their hometowns to spend their twilight years with greater peace of mind. We also hope that this can be achieved in the studies.

Thank you, Deputy President.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, I said in my speech this morning that this Policy Address of the Chief Executive tried to cover many areas and attempted to be all-encompassing. This apparently sounds highly desirable, so in a public opinion survey conducted the day after the release of the Policy Address, the approval rating of it was very high and I remember that its satisfaction rating was as high as 44%. However, subsequently, in a follow-up of the same survey, the rating dropped drastically by 10% and it stood only at some 32%. Why? I think one of the reasons is that after the public had read this Policy Address more carefully, they found that although many areas were covered, there were not many solutions that could resolve their woes, so the rating fell drastically.

And this is indeed the case. As we all know, on the problems of living, the Chief Executive mentioned three major areas, the first being the housing problem, the second being the problem of the elderly and the third was the wealth disparity. Nevertheless, on wealth disparity, what has the Government done? There are certainly the transport subsidy and textbook assistance, things we have all along been lobbying for and this time, our hopes can finally be realized. However, unfortunately, so far, we still do not know the details, for example, at what level is one eligible, which the greatest concern to us. The public are also concerned about whether or not they can benefit from the extension of the transport subsidy to all 18 districts. A doubt lingers here. It is really doubtful whether or not such policies can really benefit them. Except the more substantial measure of transport subsidy and textbook assistance, we really cannot see anything specific in other areas.

On the poverty problem, obviously, there are still quite a lot of problems. Even though a minimum wage will be announced later, can it really solve the problems? Deputy President, let me tell you that some people are very worried about the introduction of a minimum wage. Who are they? They are persons with disabilities. What is their worry? They are worried about the prospect of not being able to reach the standard required for a minimum wage after the introduction of the legislation on minimum wage. Why? Because their skill or working ability may be considered as not meeting the standards set under the assessment mechanism. In fact, if they really have to undergo assessments, it is difficult for them to meet the standards fully because there are always some areas in which they are slightly inferior to the able-bodied. Therefore, I hope the Secretary can think about this. In fact, I wish to make an appointment to meet with the Secretary and hope that he can spare some time to exchange views with persons with disabilities. I hope the Secretary can offer a supplement to them and this supplement will arguably amount to killing two birds with one stone. Why am I saying this? Based on our demand that the wage supplement be 50% at the maximum, if the outcome of an assessment is 20%, the Government will offer a supplement of 50%. In this way, one can get 70% of one's wage, and his standard of living will naturally be raised significantly. If the outcome of an assessment is 50%, together with the government supplement of 50%, one can receive 100% of the wages. As a result, one will no longer need to receive CSSA. In this way, the Government can save a lot of money. We all know that if these people do not have to receive CSSA, the Government will not have to bear their medical expenses either.

These persons with disabilities are really excellent people. They would rather work than receive assistance from the Government. However, if they are required to undergo assessments under the relevant assessment mechanism and if the outcome is that they cannot get 100% of their wages, a difference will arise. However, at present, there is no appeal mechanism, so what should they do? If they cannot receive a reasonable level of wages, their living standard will surely decline. Their request is actually very simple, that is, if the Government offers them a wage supplement of 50% at the maximum, in this way, the problem can be solved and it will obviate their need to receive CSSA, nor will they create other burdens for the Government. I hope the Secretary can really consider this point.

In addition, there is also a very serious problem which I have raised with the Secretary, namely the problem of single-parent families. Single-parent families can be divided into two types, one being those in which the mother's length of residence in Hong Kong has not reached seven years but her children were all born in Hong Kong. Since she has to take care of her children and cannot work in society, the situation of "one CSSA payment used by two persons" has arisen. Even the rental arrangement is odd. It turns out that the Social Welfare Department only pays half the rent, that is, the half incurred by the children but the parent has to meet the other half. In these circumstances, it is really impossible for one CSSA payment to support two persons. These people constitute the poorest group in society. In fact, they do not want Hong Kong to support them, and some families would rather go back and live on the Mainland. Unfortunately, they can no longer do so because they have become Hong Kong residents. Therefore, even if they go back to the Mainland to receive education there, they have to pay the tuition fees payable by Hong Kong residents. It is practically impossible for them to bear such a heavy burden. Since the two Secretaries are both present, I hope they can examine how best these people can be assisted. They can either go back to the Mainland once and for all and live there, so as to maintain a reasonable standard of living, for example, by giving up their status as Hong Kong residents and returning to their former way of life, that is, to live on the Mainland in their status as Chinese nationals. In this way, they are capable of supporting themselves. Otherwise, the authorities should solve this problem through CSSA, for example, by dispensing with the requirement of seven years of residence in Hong Kong, so as to give them help by all means and spare them the misery of two persons living on one CSSA payment.

Apart from the issue of not meeting the seven-year residence requirement, single parents coming to Hong Kong on two-way permits also face the same problem, only that their plight is even greater. There is no hope for them because people who have not yet fulfilled the requirement of seven years of stay can still hope for an improvement in living after waiting for several years more. However, those on two-way exit permits cannot hope for such a day. If they cannot hope for such a day, in fact, this is a security problem, so I hope the Security Bureau can help them solve this problem on the Mainland because in the long run, doing so can avoid imposing a heavier burden on Hong Kong.

There are also two other problems that I hope the Secretary can follow up, that is, universal retirement protection for the elderly. As we all know, most

men work in society whereas women are home-makers who do not go out to work, so the latter do not enjoy any retirement protection. For this reason, I hope the authorities can provide universal retirement protection to them.

The last issue is related to the "418" requirement, that is, the problem of part-time jobs. Mr LEE Cheuk-yan also said just now that people working part-time jobs were not eligible for the transport subsidy and they were not entitled to other benefits either, for example, sick leave and allowances because they do not meet the "418" requirement, so they were not protected. Although the Secretary said that a review would be conducted later, I hope the authorities can embark on it without further delay because there are quite a lot of problems with the "418" requirement. Although Mr LEE Cheuk-yan said on the last occasion that half of them were students in tertiary institutions, half of them are not. In that case, what should people in this half do? They are living on the brink of poverty, so I hope the authorities will care more about this group of people (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, I so submit.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, regarding the Policy Address this year, I wish to dedicate two lines of truth to the Chief Executive and the Government: "Grass-roots services only scratch the surface and the direction of administration is obdurately wrong." Why do I say so? First, in terms of the policy objectives or the concepts of governance, this group of accountability officials headed by Donald TSANG have all shown a lack of overall comprehensive planning and the policies or measures introduced have only scratched the surface without getting to the core of problems.

Second, the legislature and society have reflected the crux of the problem in governance to the Administration for many years. Unfortunately, our candid advice was unpleasant to the ear and went unheeded by the Government. It insisted on its own views, intent on heeding advice selectively. It regards the "big market, small government" principle as a golden rule and the trickle-down

theory sacred. However, what are the outcomes? All that we have seen is the widening of the wealth gap and tycoons and magnates being self-willed and domineering, so this is consummate proof that these theories are already out of step with the times. The Government should change its present concept of administration in order to enable all members of the Hong Kong public, in particular, the lower class, to truly enjoy the fruits of economic growth.

Rightly as the Chief Executive said in the introduction to the Policy Address, the Hong Kong economy has progressively stepped out of the shadow of the global financial crisis and inflation has even occurred due to the economic rebound. This shows that the Hong Kong economy is getting back onto the right track. We can look at the performance of various consortia. The profit-making ability of the great majority of companies has returned to the pre-financial tsunami level and has even surpassed it in some cases. In contrast, wage earners at the grassroots have not been able to achieve such results.

Recently, the Employers' Federation of Hong Kong proposed that the pay rise to be offered by employers next year should be 2.5%, so as to enable wage earners to enjoy the fruits of economic success. The Secretary for Labour and Welfare, Mr Matthew CHEUNG, even said that it was a piece of good news. A pay rise of 2.5% can only keep up with the inflation rate, so may I ask how this can be considered good news, even though it is not a piece of bad news? The fruits of economic success should rightly be shared by the general public of Hong Kong. But the leading capitalists in Hong Kong have pocketed the copious fruits of economic growth as their own and it is only when they find that the grassroots are complaining that they offer some small favours by donating several hundred million dollars to the Community Care Fund.

According to a survey conducted by Oxfam Hong Kong earlier on, the household median income of the higher income group has risen from \$30,000 in 1999 to \$32,950 in the first half of 2010. However, the household median income of the lower income group, instead of rising, has dropped from \$10,000 to \$9,000 in the past decade and the monthly median income of the richest 10% of households in Hong Kong is actually enough to cover the expenses of the poorest families for more than two years.

This is a hard fact and may I ask the Government what explanation it can offer? The trickle-down theory has practically become untenable in this

intensely capitalist society called Hong Kong nowadays, where humble members of the public cannot benefit from economic growth. The poor are getting poorer and the rich are growing richer, and this has become the most salient characteristic of this Pearl of the Orient called Hong Kong.

It is actually not difficult to explain this phenomenon. Hong Kong is a free-wheeling economy and its low tax rates are unrivalled in the world. The saddest thing is that the Hong Kong Government even takes pride in this, regarding the invisible hand as the only key to economic growth. But what are the consequences? The wealth of society becomes concentrated in the hands of a handful of people. Moreover, their wealth keeps snowballing and their sway in society also increases all the time. Not only are members of the public wantonly abused and exploited, even government officials have to be cautious about them. If this situation persists, the Government will only let the power of capitalists grow unchecked and in the future, the Government will find it strenuous to introduce measures that benefit the public.

Let us look around the whole world, in the wake of the financial tsunami, even a capitalist country like the United States has also begun to reflect on the downsides of capitalism and intervene in the market. I hope the SAR Government will also understand this rationale and review if it should continue to uphold the principle of "big market, small government" doggedly.

Of all the consortia, I think the major property developers in Hong Kong are the most overweening on account of their wealth. Since the Government regards land sales as the major source of revenue, it condones property developers in turning land, which should originally be owned by all members of the Hong Kong public, into their cash cow with which to wantonly milk the public of their hard-earned money.

With high land prices and exorbitant rents, humble members of the public, in their quest for a stable home, often have toil for a lifetime for the property developers. As regards the income of small commercial tenants, with increasing rents, the proportion of rent to their expenses is rising, so their income is dropping. I believe that in this free but extremely unfair society, the grievances and anti-business and anti-rich sentiments of the public will only escalate continually.

Deputy President, as a locally born and bred Hong Kong resident, since the reunification, I fancied that Hong Kong people had finally shaken off the shackles of the colonial government and that they could be their own masters without being relegated to second-class citizens. I also believed wholeheartedly that with Hong Kong people ruling themselves, the living of the general public would perhaps improve. Unfortunately, this is obviously just my wishful thinking.

If we look back at the era in which Mr TUNG Chee-hwa was ruling Hong Kong, we can see that indeed, he had high aspirations and he outlined a blueprint for the future with the hope of improving the living of Hong Kong people. For example, the "85 000 units" housing scheme was designed to enable 70% of Hong Kong people to realize their dream of home ownership within a decade. We can see that Mr TUNG Chee-hwa really had the desire to do something for Hong Kong people and he conceived a long-term plan to make Hong Kong more prosperous and stable.

However, after Donald TSANG had taken over, I wonder if it is on account of the conservative bureaucratic thinking of "do less, err less" he had inherited from the Civil Service that no long-term planning could be seen in the policy address each year and there is a complete lack of direction in his administration, still less any method in dealing with social problems. What draws even greater ire is that in recent years, the Chief Executive often trots out a pet phrase, that is, "民心我心", which means my heart beating as one with the public. On hearing this remark, one has the feeling that the Chief Executive loves his people like one of his own, but such propaganda-style slogans cannot cover the truth and the public are discerning. The lies will ultimately be debunked.

If one wants to have long-term planning, one cannot be all words but no action. Of course, if one shuts oneself off from reality, does not gauge public opinion and is bent on having one's way, even if one has very grand plans, in the end, everything will come to naught. Therefore, I hope that the whole Government headed by Donald TSANG can learn a lesson from this and make good use of the next two years by taking on board public opinion extensively and listening to the voices in society, so as to plan properly for the future needs of Hong Kong, instead of leaving the problems to the next Chief Executive.

The multitude of social problems are often attributable to the lack of planning in social services. After the Social Welfare Advisory Committee had published the consultation paper on social welfare planning this year, it was roundly criticized by the sector. Not only is it wrong in its direction, even the process of consultation was not completely open as the majority of service users and the 18 District Councils had practically been left out. On this policy that has great implications on the future development of social welfare services in Hong Kong, the response given by the Chief Executive in the Policy Address is inadequate, little wonder that the Policy Address is often censured.

Now, although the Labour and Welfare Bureau has said that it will carry out a consultation on long-term social welfare planning anew, I think that no matter what the outcomes of consultation are, the Bureau should make reference to a proven method, that is, to publish a policy document in the form of a White Paper setting out the goals of various social welfare policies, the methods of implementation and the timetables, so as to forge a consensus in the social welfare sector and make the services dovetail with the actual situation in society. At the same time, the system of a five-year plan should also be adopted to ensure that the contents of the White Paper are put into practice and that fine-tuning can be made when new problems arise in society.

For example, last year, the Government proposed the establishment of the Integrated Community Centres for Mental Wellness (ICCMWs) in all 18 districts in Hong Kong to provide services to rehabilitated mental patients. However, due to the Government's lack of long-term planning, of the 24 ICCMWs, except the ICCMW in Tin Shui Wai which was established under a pilot scheme, no permanent sites can be found for the remainder to date, and there is also difficulty in hiring professional staff members. Even though the Government is prepared to allocate funds, there are problems in expanding the service and this is precisely the consequence of a lack of long-term planning. Why did the Chief Executive appeal in his Policy Address to community leaders and residents for understanding and support to enable these ICCMWs to be established in various districts? In fact, had the Government carried out planning early and let residents know before moving into the housing estates that there would be such facilities in their housing estates, the voices of opposition would not have been so strong, making it impossible for administration nowadays to make any headway.

In addition, the professional grades in the social welfare sector have all along been very short of manpower. Be it nurses, occupational therapists, physiotherapists or speech therapists, they are all in short supply. Not only is the quality of service seriously affected, the waiting time for service users is also lengthened considerably. Take the waiting time for the services of the psychiatric specialist out-patient departments of the Hospital Authority as an example, in 2008-2009, the longest waiting time was more than two years and the waiting time for the out-patient services of occupational therapy is also as long as 16 weeks. Even though manpower training is planned now, these problems cannot be solved overnight. Therefore, the consequence of a lack of planning is that the misery of having no hands when they are needed and having no land when it is needed has arisen.

Despite all these criticisms, I also wish to sing some praises. I agree that the Policy Address this year has indeed answered many aspirations of the public, for example, the Work Incentive Transport Subsidy Scheme which provides support to low-income people, and the relaxation of the restriction on the period of absence from Hong Kong in respect of Old Age Allowance and the Disability Allowance. What makes one feel all the more strongly that the Government has appreciated public sentiments is that it will provide support services to those helpless autistic children previously abandoned by the Government, so this shows that the Government has finally heard the voices of the sector.

In fact, concerning the issue of autistic students, as early as the year 2008-2009, I already reflected it to Secretary Dr York CHOW. Back then, the Secretary stated in his reply that in the government services where statistics were kept, there were only 3 800 people with autism, so obviously, it was hinted that the situation was not serious. However, as a matter of fact, the sector and the experts estimated back then that the number of autistic people in Hong Kong was as large as 70 000 to 100 000, so the demand for services was most enormous. Fortunately, the effort made by us and the sector was not wasted. This year, the Government, finally recognizing the needs of autistic people, is prepared to allocate more resources to provide support in a number of areas. The Education Bureau will launch a pilot scheme in primary and secondary schools in stages to improve autistic students' communication, emotion management and learning skills. However, I wish to tell the Government that not only is the Education Bureau involved, in fact, the Labour and Welfare Bureau and the Food and Health Bureau also have to work together with it, so that no gaps in service will appear.

There is no gainsaying it that the Government has indeed offered us some small favours in the Policy Address but these cannot conceal the blunders of the Government and its neglect of the socially disadvantaged groups. For example, the policy address last year undertook to increase the number of nursing and care places in subvented residential care homes for the elderly and despite the increase being clearly insufficient, so far, even this promise has not yet been honoured, not to mention a further increase in the number of places in the future. We have to know that as the population in Hong Kong is ageing, the number of elderly people will rise continually. If the number of places cannot be increased gradually, the waiting time will only get longer and longer.

In the face of the insufficient return from the Mandatory Provident Fund (MPF) schemes and the high administrative fees of intermediary institutions, together with the failure of the MPF to offer long-term retirement protection to home makers, persons with disabilities, people without jobs and retired elderly people, various concern groups in society have proposed the introduction of a universal retirement protection system. However, the Government is still turning a deaf ear to them, and it is even unwilling to release the results of a study on retirement protection conducted by the Government of its own accord several years ago. Are the results of the study unfavourable to the present administration by the Government, or are there other reasons? I think the Government owes us an explanation.

Therefore, I think the Government should formulate a long-term policy and only in this way can the problem be addressed at root. This is like my joining the newly-established Platform for the Concern on Social Welfare recently. In fact, it is hoped that by pooling civil forces together, the Government can be urged to quickly draw up a people-oriented social welfare service blueprint and establish a social welfare planning mechanism with widespread social participation, so as to improve the formulation, execution, monitoring and review of welfare policies.

It is most baffling that although the Chief Executive appears to lack vision in the formulation of social welfare policies, he is flush with ambition in promoting national education. The Chief Executive changed the term "civic education" to "national education" and expounded on how the SAR Government would boost the national identity of the next generation. This is a cause for concern. In promoting national education in such a high profile, is the aim to

cultivate the civic qualities in students or is it to instil concepts of patriotism and love for the party into them?

(THE PRESIDENT resumed the Chair)

Moreover, the Policy Address mentioned the need to "gain a deep understanding of our country". In that case, may I ask whether or not the truth of the pro-democracy 4 June incident in 1989 will also be included? Or does the Government want our next generation to have selective amnesia and know only about national affairs sanctioned by the Government and even the Central Government?

As the saying goes, "Good awareness of courtesy is premised on adequate grain stock, while correct sense of honour and disgrace come after enough food and clothing." I wonder if our national education will inculcate this kind of traditional Chinese teachings and virtues in the mind of our students. However, I can see that in this prosperous metropolis called Hong Kong, in particular, among the large corporations and consortia, all these ancient teachings have been forgotten and I can only see large corporations going to all lengths to maximize their profits and squeeze out all the residual value from humble members of the grassroots.

In view of these anti-rich and anti-business sentiments, the Government hastily introduced the Community Care Fund (CCF), hoping that the business sector can make donations to dilute the grievances of the public and make society appear a little more harmonious. It is also hoped that the CCF can serve to repair the existing safety net and make up for the inadequacies in the existing services. However, the irony is that it turned out some people did not show any deference to this CCF designed obviously to serve the tycoons and lambasted the CCF as intending practically to levy taxes. As a result, even before the launch of the CCF, society has already become even more inharmonious. In addition, the Chief Secretary for Administration wrote in an article that the CCF can make up for the inadequacies of the safety net. However, civil groups have long since put forward many proposals on repairing the safety net and if only the Government had been willing to listen, basically, this CCF would not have been necessary. Therefore, in the near future, the Policy Bureau in charge should

carry out a full consultation on the CCF and work out the details of implementation, so as to help needy socially disadvantaged groups expeditiously and make factual clarifications on some of the misunderstandings.

All along, I believe that the present tax rates in Hong Kong are too low, with the profits tax rate standing at only 16.5% and the standard rate, at only 15%, is even lower. Take last year as an example, profits tax revenue amounted to \$76.6 billion and if the rate were adjusted upwards by just 1%, the coffers would get almost \$4.7 billion more in revenue. For this reason, I believe that using the taxation system to redistribute social wealth and narrow the wealth disparity will resolve the problems once and for all. Moreover, it can be adjusted in response to the economic situation, so it is highly flexible. Now, since some people do not accept the good intention of the Government and criticize this CCF as being effectively a tax increase, the Government should be "amenable to public opinion" and redistribute wealth through the taxation system, so as to help the weak and poor. In this way, it can also teach the tycoons a lesson in civic education.

The Secretary for Security is present today, so I want to he has just left again, but it does not matter. He will still be able to hear my views. Recently, we have discussed some cases of grown-up children seeking reunion with their families. Although the Government is now dealing with them by the book, we found that its actions are rather late and slow because one year has passed but we still cannot see the Government propose any basic measure. Meanwhile, we know that some mothers in single-parent families still face problems in family reunion. When these mothers in single-parent families submit their applications, basically, their husbands were still in Hong Kong but after they had submitted their applications, their husbands might have passed away as a result of accidents, deserted them or even asked for a divorce and as a result, there was no more opportunity for these single-parent mothers to reunite with their children, who were waiting to come to Hong Kong. I hope the Secretary for Security can communicate with the Central Authorities concerning these two types of people expeditiously, so that they can have an opportunity to wait for their turn to come to Hong Kong on grounds of family reunion and be given a timetable in this regard.

Finally, I wish to point out that people who only adapt to an unfair and unjust society and think about how to survive in the gaps are nothing more than the Ah Q described by LU Xun. To change society and turn it into a free, fair

and just society is the responsibility incumbent on us citizens. Here, what I hope to do is precisely to fulfil my civic responsibility of pointing out some distorted values in society and rectifying them. Otherwise, sooner or later, our society will turn into one in which the tyrannical government preys on the people.

President, I so submit.

MR IP WAI-MING (in Cantonese): President, the theme of the third debate session is "Investing for a Caring Society". This Policy Address gives us the impression that it is extremely fragmented. It looks as if it has covered the matters in many areas but in fact, solutions that can really solve the problems are in short supply. In the past several days, many Honourable colleagues have already touched on this point.

President, after the Chief Executive had delivered his Policy Address, the initial assessment of the FTU was that he had pointed out some social problems but failed to resolve the deep-rooted conflicts. The Chief Executive has raised many problems, but how actually is he going to solve them? In the long term, how is the Chief Executive going to help the public face these problems? Take the poverty problem as an example, it seems the Chief Executive has not suggested any solution.

The Policy Address gives one the impression of being a reactive report that lacks an underlying set of values and concepts. Our impression is that the Chief Executive has all along said that he will get the job done, what he meant by getting the job done is just to solve the problems lying before him. What kind of society is he going to create for Hong Kong people in the long term? How should this society develop? In the long run, how should the next generation learn? How should the elderly be cared for? Concerning these issues, the Chief Executive was silent on them in this Policy Address. He only responded to the questions lying before him, without offering any long-term planning. Many people have already criticized this.

Several days ago, I read the views of Mr LAM Woon-kwong in the press. He said that the Government lacks vision in administration. Take measures relating to offensive land uses as an example, be it columbaria, landfills or incinerators, all along, members of the public who are affected by them have

shown great resistance to them. These problems did not arise only recently, so why is the Government still completely at its wits' end in addressing these problems? It looks as though it would never be able to solve these problems. Secretary Edward YAU said frequently that discussions would be held with Legislative Council Members and the whole society on solutions, but the problem is that the Government is apparently incapable of suggesting any solution.

Take social welfare as another example. Just now, Mr CHEUNG Kwok-che also mentioned that the approach adopted by the Government currently in respect of social welfare was only piecemeal, solving only the problems confronting it without any long-term solutions to social welfare problems. I remember that when I was in school, I learnt about the Green Paper on Rehabilitation Policies and Services and the White Paper on Social Welfare. I learnt about the publication of this kind of Green Papers and White Papers only in my schooling years, but I have not seen any ever since. In fact, this year, the Government published a consultation paper on the long-term planning for social welfare in Hong Kong but unfortunately, the consultation was not conducted by the Labour and Welfare Bureau or the Social Welfare Department. It turned out that the Government had commissioned the Social Welfare Advisory Committee (SWAC) to carry out the consultation. If my memory has not failed me, in the meetings of the Legislative Council, apart from the Assistant Secretary for Labour and Welfare, other people who responded to the long-term planning on social welfare in Hong Kong were basically also members of the SWAC. I think this is not at all fair to members of the SWAC.

In addition, why is the consultation on the long-term planning for social welfare in Hong Kong not carried out by the Bureau itself, and why is the scope of the consultation so small, as it is carried out only within the sector or at the relevant levels but not in society as a whole? The impression given by this consultation is that it is carried out casually, as a gesture. In the entire consultation paper, no mention or response is made in respect of our demands. We have all along demanded that the Government adopt the system of publishing a social welfare white paper every five years, as per the past practice, to set some phased or long-term goals in social welfare policy, so that we can review every five years whether or not the social welfare policy has attained the goals, or revise the goals in view of changes in society as a whole. However, no mention whatsoever of such matters is made in this consultation. My feeling is that

basically, the Government has ruled out the practice of publishing white papers on social welfare.

On the administration by the Government, examples of a reactive approach abound. Take the issue of holidays as an example, which is also within the ambit of the Secretary for Labour and Welfare. After the implementation of a five-day work week, we have two rest days per week but when these rest days also happen to be public holidays, how actually will they be dealt with? I remember that several months ago, the Chief Executive instructed Secretary Matthew CHEUNG to look into a situation, that is, if the three days of public holiday during the Chinese New Year also happen to be rest days, how should they be dealt with? Should compensatory leave be given? The Secretary told us in a meeting of the Panel on Manpower that such a situation would arise only during the Chinese New Year in 2013. The strange thing is that instances of public holidays falling on rest days do not occur just in the case of the public holidays during the Chinese New Year, rather they may also occur in relation to other public holidays. Why does he deal only with the instance of public holidays during the Chinese New Year falling on rest days but not other public holidays falling on rest days?

All of these examples attest to the Government's haphazard approach of doing things that it believes would win applause first but in reality, if the Government does not deal with the underlying issues that must be dealt with, this will make the public feel even more resentful. The Government thinks that it has already handed out sweeteners to the public, but do the public really think they are sweeteners?

On the issue of wealth disparity, President, in fact, this issue has been a matter of social concern for over a decade. Recently, the Hong Kong Council of Social Service published some figures on poverty for the first half of 2010 and they show that the number of poor people in Hong Kong has reached a new high of 1.26 million, an increase of 30 000 people compared with 1.23 million last year. The number of poor households has also risen to 470 000 and this figure is also at a historical high. The irony is that, as many Honourable colleagues and the Financial Secretary have pointed out today, our economy may have fully recovered and even recovered the ground lost during the financial tsunami. It is possible that he may revise our economic growth this year to higher than the forecast of 6%. Since our economy has recovered and there is economic

growth, why have the numbers of poor people and poor households reached new highs? Like many Honourable colleagues, I also doubt if there is really the so-called "trickle-down effect" and the figures have already illustrated this point. If there is economic growth, according to the Government's understanding, the numbers of poor people and poor households should be on a dropping trend, so why are they on the rise instead?

These two figures precisely attest to the fact that it is practically impossible for members of the lower stratum to enjoy the fruits of economic development, nor can their problems of living be solved. Although the Chief Executive points out in paragraph 50 of the Policy Address that he believes the most fundamental way to deal with social conflicts is to enable the community to benefit from economic development and share the fruits of prosperity, he has not given us any reply on how he could make the community benefit from economic development and share the fruits of prosperity.

Paragraph 52 of the Policy Address also points out that the Government can effectively narrow the income disparity through taxation, housing, education, healthcare and welfare measures. Let us look at the Gini Coefficient of Hong Kong. In 2006, the Gini Coefficient of Hong Kong already reached 0.533, the highest among advanced national and regional economies. The Government also said that it would solve these problems through rates, government rent and other measures involving social subsidies. However, the Gini Coefficient in 2006 still did not see any improvement. We can see that wealth gap is widening all the time in Hong Kong. If the Government thinks that social welfare measures can alleviate the wealth disparity problem, I call on the Government to provide some figures to show which measures can narrow the wealth gap. Take low-income people living in private residential buildings and receiving the CSSA rent allowance as an example. In cases in which the number of eligible family member is one person, cases in which the actual rent was higher than the maximum amount of rent allowance numbered 13 628 (58.9%) in 2007, whereas in 2010, there were 14 015 cases (64.5%). The number and percentage of cases in 2010 have both increased compared to 2007, so this shows that the grassroots are leading an increasingly hard life.

For this reason, we consider it necessary for the Government to formulate a package of measures to alleviate the wealth disparity problem as soon as possible, so as to assist the lower class. The FTU has all along advocated approaching the

issue from tax rates in order to redistribute wealth. We hope the Government can cease to cling to the belief that so long as the economy grows, the present wealth disparity problem in Hong Kong can be solved.

On standard working hours, the Policy Address only says that a study will be conducted on standard working hours. The FTU welcomes this. However, as I have requested in the Legislative Council many times, we hope that the Government will not simply conduct a study, rather, it should also provide to us a timetable and roadmap on implementation. We also hope that the Government can complete the study and the legislative exercise within its present tenure.

Concerning this Policy Address, why did so many Honourable colleagues criticize the Government for leaving so many loose ends? Because on many matters, the Government has not made an undertaking to propose solutions before the end of its tenure.

The Government says emphatically that it will not become a lame-duck government but in reality, the actions of the Government show that it is because all the policies proposed by the Government in this Policy Address cannot be fully implemented within its tenure, so they will be left to the next Administration to deal with them.

On standard working hours, it is not unusual for employees in Hong Kong to work overtime. Employees in Hong Kong have to work 12 or 13 hours a day and instances of overtime work without pay or fair treatment is no longer unusual. However, having got used to overtime work does not mean that overtime work is right. We believe that overtime work has seriously affected the quality of life and the physical and mental health of wage earners. We believe that the Government is duty-bound to prevent the problem of overtime work from deteriorating. It is certain that legislation on standard working hours will go ahead and this is also the most direct and effective solution to this problem.

The preliminary demand concerning standard working hours made by the FTU to the Government is that the standard working hours should be set at eight hours per day or 44 hours per week. If employees are required to work overtime, they should be given overtime pay and the rate of such pay should be no less than 150%. We hope that the Legislative Council Panel on Manpower can discuss this subject matter regularly and that the Labour Advisory Board can

follow up the Government's study and legislation on standard working hours, so as to expedite the legislative exercise and protect our wage earners.

President, the degree of ageing of the Hong Kong population is getting increasingly serious. Paragraph 65 of the Policy Address states that our population aged 65 or above is expected to surge from about 900 000 at present to 2.1 million by 2030, so the increase will be very drastic. However, how should we solve the problems relating to elderly people in retirement? Unfortunately, President, the Government did not touch on this problem in this Policy Address at all, nor did it mention the MPF for wage earners after their retirement in any way.

President, concerning the present arrangement of dividing the debate into a number of sessions, I find it confusing that the Government has placed the MPF under the portfolio of the Financial Services and the Treasury Bureau. The MPF involves matters of retirement, so why is it dealt with by the Financial Services and the Treasury Bureau instead of Secretary Matthew CHEUNG of the Labour and Welfare Bureau? After some pondering repeatedly, I think the MPF is related to retirement benefits and the social welfare for Hong Kong people, so it should be discussed in the debate session attended by Secretary Matthew CHEUNG. That the Government has tasked the Financial Services and the Treasury Bureau with matters relating to the MPF shows that the Government does not regard the MPF as an item of retirement protection, but only as a financial matter.

President, so far, the MPF has been implemented for exactly a decade and both the FTU and other organizations have all along demanded that the Government conduct a full review of the MPF a decade into its implementation. We think that this demand is not excessive, and it is justified.

Just now, we mentioned that our population aged 65 or above is expected to surge to 2.1 million by 2030. By then, how would we deal with the problem of elderly people in retirement? By then, would the MPF benefits accrued by elderly people be enough to cope with their retirement life?

Some time ago, the FTU held a press conference to spell out the "seven sins" relating to the MPF. Here, I do not wish to spell out these seven sins one

by one, but there are at least three problems that I hope the Secretary will take notice of and convey to Secretary Prof K C CHAN.

The first is the offsetting of the MPF with severance payment, long service payment or contract gratuity; the second is the serious problem of default on MPF contributions and the third is the lack of transparency of management fees.

At present, the accrued MPF benefits of us wage earners are being eroded continually due to these three factors. We are afraid that when many wage earners retire at the age of 65, their MPF benefits will really be reduced to nothing.

All along, the Secretary has said that on matters of retirement, there are three pillars, the first being the MPF, the second being personal savings and the third being CSSA. As I explained just now, our MPF benefits are being eroded by the foregoing three factors and in the end, not much will be left.

The second pillar is personal savings. The increase in the income of Hong Kong people is actually limited and diminishing. At present, a university student who starts to work in society is paid \$8,000 to \$10,000. Let us look at the figures of the Census and Statistics Department. In 1998, the income of workers in the lowest percentile was on average \$4,500 monthly but by the first quarter of 2009, the income of workers in the lowest percentile was \$3,400. Therefore, our income has decreased instead of increasing. Even in the future, it is expected that wages will only remain stable rather than increase significantly. In these circumstances, the living of many families in the lower class is actually very difficult. In the trendy expression of our country, they are the "月光族" (moonlight race²), that is, each month, they spend all their wages and hardly anything is left. After they have paid for all their expenses on food, clothing, transport and housing, how much savings can they have? Therefore, concerning the My Home Purchase Plan discussed in the previous debate sessions, can the public really save enough for the down payment to take out a mortgage? If we look at the income of the public at present, do they really have the means to acquire properties?

² This phrase refers to those who use up their monthly salary, herein "月" (moon) in Chinese also means month, while "光" (light) also has the meaning of "using up".

We believe the Government or government officials lack commitment and have transferred a lot of their work to the market. Take the MPF as an example, the Government is unwilling to make any commitment, so it saddled the responsibility on the market, banks or insurance companies. The MPF is under the charge of the Financial Services and the Treasury Bureau because the Government has never regarded the MPF as retirement protection, instead, it only regarded the MPF as a new product in the financial market. Concerning health insurance, the Government is again unwilling to make any commitment, so it wants to transfer the work to insurance companies.

The impression we get is that the Government does not want to make any commitment to our life and welfare and only transfers the work to the market. The actual effect of this is that a group of financial predators are reaping the benefits but our wage earners are not. The MPF is a case in point. We hope that the Government can make greater commitment to retirement protection for Hong Kong people and once again, we call on the Government to consider introducing universal retirement protection.

Later on, when the Secretary gives his response, he will perhaps rehash the claim of the "three pillars". Secretary, of these three pillars, I believe two have already become "two crutches" instead. Do we want elderly people aged 65 or over to fall back on CSSA? If such a situation persists for a long time, for how long can CSSA cope? In the end, CSSA may also become one of the three crutches.

President, I wish to talk about the issue of transport fares. We welcome the extension of the existing transport subsidy to all 18 districts of Hong Kong. At present, the prices of commodities are soaring and we think the figures announced by the Government may not be the actual figures. I wonder if the Secretary has ever shopped in supermarkets. At present, the increase in the prices of canned food in supermarkets is more than 10% and a catty of vegetable also costs \$10-odd. Therefore, basically, the income of wage earners at the grassroots cannot catch up with inflation and as I said just now, they really are living from hand to mouth, barely making ends meet.

If one wants to go to work, one has to take public transport but now, public transport is by no means cheap. For example, if members of the public travel from Sheung Shui or Fanling to the urban area for work, they may have to spend

tens of dollars daily. Ms LI Fung-ying said that it costs her about \$20 to take bus route number 307 from Tai Po to the urban area and a round trip costs about \$40. We have calculated that in addition to the fare of \$40 for a round trip to Central, buying a lunch box in Central costs some \$20 or \$30 without a drink. Together with other expenses, the total expense in a day amounts to \$100. To many wage earners, the expenses are actually getting increasingly heavy.

The Transport Support Scheme has been implemented in four districts, including the Islands, North, Yuen Long and Tuen Mun Districts since June 2007. As at the end of January this year, over 38 000 applicants have benefited from it and the amount of transport subsidy granted stands at \$170 million. Since its implementation, we have requested the Government to conduct a review since residents other than those in these four districts also need to work in other districts. Secretary, although the Government has said that it will extend the scope of the transport subsidy to all 18 districts, we think that the present upper limit of personal assets, at \$44,000, is too low. Anyone who is employed will have perhaps saved \$44,000. In addition, as far as I know, when the Government calculates personal assets, it also takes into account the value of insurance policies with a savings component. As a result, many people whose personal assets have exceeded the upper limit of \$44,000 are ineligible. We have come across cases in which members of the public were originally eligible for the transport subsidy, but due to an increase in the values of their insurance policies, their personal assets exceeded the upper limit of \$44,000, so they could not qualify for the transport allowance. For this reason, we believe that the Government should review the upper limit of personal assets. We also hope that the Government can conduct a review of the monthly income limit of \$6,500 and examine if it can be raised.

In addition, concerning the requirement that applicants have to work 72 hours in four weeks, we think that this requirement cannot meet the needs of elementary workers because at present, many elementary workers are working as part-time domestic helpers and they need the transport subsidy all the more. Concerning applicants who work less than 72 hours in four weeks, we hope the Government can calculate their transport subsidy pro rata. We consider the proportional approach fairer and more reasonable.

President, the last point is that we hope the Government will not be a "lame duck" in the next two years. We hope the Government will summon up its resolve to do more actual work to show us that its administration is founded on beliefs and long-term goals. Otherwise, the Government is actually forcing us to look for the candidates for the next Chief Executive from now on and discuss with him what he would do if he is elected into the office. Thank you, President.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): I now suspend the meeting until 9 am tomorrow.

Suspended accordingly at two minutes past Nine o'clock.

Appendix 1

REQUEST FOR POST-MEETING AMENDMENT

Mr Jeffrey LAM requested the following post-meeting amendment

Line 3, first paragraph, page 330 of the Confirmed version

To amend "..... the coldest October since 1997" as "..... the coldest October since 1988" (Translation)

(Please refer to lines 4 to 5, first paragraph, page 1042 of this Translated version)