

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 21 March 2012

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

THE HONOURABLE VINCENT FANG KANG, S.B.S., J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

DR THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P.

THE HONOURABLE JEFFREY LAM KIN-FUNG, G.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

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

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

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN, J.P.

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, J.P.

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

MEMBERS ABSENT:

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

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

THE HONOURABLE CHAN HAK-KAN

THE HONOURABLE TANYA CHAN

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE STEPHEN LAM SUI-LUNG, G.B.S., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

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

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

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

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

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 EVA CHENG, G.B.S., J.P.
SECRETARY FOR TRANSPORT AND HOUSING

THE HONOURABLE RAYMOND TAM CHI-YUEN, J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

PROF LAU SIU-KAI, J.P.
HEAD, CENTRAL POLICY UNIT

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

PRESIDENT (in Cantonese): Will the Clerk please ring the bell to summon Members to the Chamber?

(After the summoning bell had been rung, a number of Members entered the Chamber)

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Public Health and Municipal Services Ordinance (Civic Centres) (Amendment of Thirteenth Schedule) Order 2012	31/2012
Prevention of Bribery Ordinance (Amendment of Schedules 1 and 2) Order 2012	38/2012
Companies Ordinance (Amendment of Eighth Schedule) Order 2012	39/2012
Veterinary Surgeons Registration Ordinance (Amendment of Schedule 2) Order 2012	40/2012
Education Ordinance (Amendment of Schedule 3) Notice 2012	41/2012

Other Papers

- No. 77 — HKSAR Government Scholarship Fund
Financial statements together with the Report of the Director of Audit for the year ended 31 August 2011
- No. 78 — Hong Kong Rotary Club Students' Loan Fund
Financial statements together with the Report of the Director of Audit for the year ended 31 August 2011

- No. 79 — Sing Tao Charitable Foundation Students' Loan Fund
Financial statements together with the Report of the
Director of Audit for the year ended 31 August 2011
- No. 80 — The Lord Wilson Heritage Trust Annual Report 2010-2011
- No. 81 — Quality Education Fund
Financial statements together with the Report of the
Director of Audit for the year ended 31 August 2011
- No. 82 — Education Development Fund
Financial statements together with the Report of the
Director of Audit for the year ended 31 August 2011

Report No. 14/11-12 of the House Committee on Consideration of
Subsidiary Legislation and Other Instruments

ADDRESSES

PRESIDENT (in Cantonese): Addresses. Mr LEE Wing-tat, Mr WONG Sing-chi and the Secretary for Transport and Housing will respectively address the Council on six items of subsidiary legislation in relation to the Public Bus Services Ordinance, which were laid on the table of the Council on 1 February 2012.

Schedule of Routes (Citybus Limited) Order 2012, Schedule of Routes (Citybus Limited) (North Lantau and Chek Lap Kok Airport) Order 2012, Schedule of Routes (Kowloon Motor Bus Company (1933) Limited) Order 2012, Schedule of Routes (Long Win Bus Company Limited) Order 2012, Schedule of Routes (New Lantao Bus Company (1973) Limited) Order 2012 and Schedule of Routes (New World First Bus Services Limited) Order 2012

MR LEE WING-TAT (in Cantonese): President, today, I will address the Council on six items of subsidiary legislation concerning changes to bus routes. The six Orders are the Schedule of Routes (Citybus Limited) Order 2012, Schedule of Routes (Citybus Limited) (North Lantau and Chek Lap Kok Airport) Order 2012, Schedule of Routes (Kowloon Motor Bus Company (1933) Limited)

Order 2012, Schedule of Routes (Long Win Bus Company Limited) Order 2012, Schedule of Routes (New Lantao Bus Company (1973) Limited) Order 2012 and Schedule of Routes (New World First Bus Services Limited) Order 2012.

The six Orders formalize the changes introduced to the bus routes of the relevant franchised bus companies. The changes have been made to better serve the travelling public and improve the efficiency of bus operation. In my view, the Government should not give a narrow description of the scope and essence of the six Orders. The "updated schedules of routes" only refers to the administrative aspects of the six Orders, the Government should, through these six Orders, better serve the travelling public and improve the efficiency of bus operation.

Generally speaking, I believe members of the Subcommittee to scrutinize the Six Orders and the Government would want to enhance the overall quality of bus services. Apart from routes, I think the accuracy of service schedules is also an important aspect in enhancing service quality and operation efficiency. Hence, apart from introducing changes to bus routes by means of the six Orders, the Government should set a clear and objective benchmark for the lost trip rates of bus routes, so as to enhance the accuracy of service schedules.

Originally, I intend to move an amendment to the six Orders to set a clear and objective benchmark for the lost trip rates of bus services. The proposed amendment is to amend the six Orders by adding a benchmark for deviation from the relevant Schedule of Services, so as to ensure that the lost trip rates of bus companies can be kept at an acceptable level. I proposed to set the benchmark at 3% and suggested that if the average quarterly lost trip rates of any specified bus route of bus companies exceed 3%, the bus company should be deemed by the Chief Executive in Council as having failed to maintain a proper and efficient public bus service in respect of that specified route. Unfortunately, the Government has not proposed a relevant amendment or set a benchmark for the lost trip rates.

Present status

President, government information shows that the average lost trip rate of bus service throughout the territory was 5.6% in 2011, which was higher than that of about 3% to 4% in the previous two years. The problem was more acute in certain districts, including the Kowloon City District which recorded a lost trip

rate of 11.1% in 2011, about twice the total average rate. The lost trip rates were also high in Sham Shui Po and Yau Tsim Mong, which were 9.8% and 9.3% respectively.

Regarding the performance of individual bus company, Kowloon Motor Bus Company (1933) Limited (KMB) has the highest lost trip rate among the five bus operators, reaching 7.2%, which is higher than the total average rate of 5.6%. The lost trip rates of the non-Cross Harbour Tunnel bus routes of KMB are even higher than its overall lost trip rate, which are 7.3% and 7.2% respectively. Apart from KMB, the New World First Bus Services Limited (NWFB) has the highest lost trip rate, which is just 3.1%, less than half of that of KMB.

In light of these rates, I have some views on the effectiveness of the existing monitoring system on bus service. That is why I proposed that the Government should set the benchmark at 3% on the basis of the past data, and I also suggested that the benchmark should be considered as one of the factors for consideration in determining whether bus companies have maintained suitable and efficient bus services. In the long run, the Government should consider setting up an electronic system to gather real-time information on bus arrival and departure time at bus stops.

As stated in the Subcommittee report, the Government can consider setting up an electronic system using public fund to ensure that the cost incurred will not be passed on to the commuters. Nevertheless, the Government stated that the proposed use of public money to set up such a system for monitoring purpose would not be cost-effective. Besides considering the expenditures and costs, the Government may also require in-depth understanding of how to make good use of time and improve efficiency.

According to the Administration, franchised bus companies are obliged to set up their own management system. To alleviate the enormous workload arising from the task of recording the departure information, KMB and Long Win Bus Company Limited (LWB) have developed an electronic "Terminus Management System" to assist in regulating bus arrival and departure times in some of their busy termini; Citybus Limited and the NWFB have installed computer terminals at some busy termini. The bus regulators manually input the bus departure times to the computer, and the information is linked to the bus companies' in-house database. Using science and technology to set up a monitoring system can effectively improve efficiency and I really do not quite

understand why the Government has commented that setting up such a system would not be cost-effective.

Bus captains of franchised bus companies

The ratio of KMB buses to bus captains differs greatly from those of other bus companies. By comparing KMB with other bus companies, KMB has a shortfall of 70 bus captains for every 1 000 buses. If we compare KMB's ratio with that of Citybus (Franchise 2), KMB has a shortfall of 720 bus captains for every 1 000 buses. Let me repeat, the shortfall of bus captains is 720. The ratio of KMB buses to bus captains is less than the total ratio, and there is even a mismatch. Perhaps it is because KMB has imposed harsh terms of employment for bus captains. There is an imbalance in the ratio of bus captains to vehicles, which undoubtedly adds to the work pressure of bus captains and consequently, they feel tired easily. If bus captains have to work prolonged hours in a state of stress and fatigue, there is a higher likelihood of accidents. If that is the case, KMB has not treated bus captains fairly in terms of salary and working environment.

Franchise period

The current franchises of LWB, Citybus (Franchise for Airport and North Lantau routes) and NWFB will expire in mid-2013 (the franchise periods of LWB and Citybus are from 1 June 2003 to 1 May 2013, while the franchise period of NWFB is from 1 August 2003 to 1 July 2013). The Government can take this opportunity to request bus companies to address the problem of lost trip and set the relevant benchmark, so as to better serve the travelling public. Setting the relevant benchmark for the three abovementioned operators can set a good precedent so that similar terms can be imposed during the future franchise negotiations with other bus companies (for instance, the franchise period of KMB is from 1 August 2007 to 1 July 2017).

President, according to the Government, setting a benchmark may cause bus companies to cancel a number of non-profitable routes with low cost-effectiveness. I disagree with this saying and consider that the Government's remark may, to a certain degree, exert pressure on me as a Legislative Council Member. The Government implies that if a benchmark is set, bus services of some routes may be discontinued. I would like to stress one point, one of the objectives in setting a benchmark for the lost trip rates is to

ensure that bus companies will not cancel these routes. In the course of normal operation of these routes, lost trips frequently occurred owing to different factors, such as shortage of bus captains and vehicles or the bus companies' financial considerations.

I believe that setting a benchmark for the lost trip rates is a way to ensure the quality of service of these routes. It is also the unshirkable responsibility of the Government to ensure that bus companies provide reliable and efficient bus services. The Government is taking the branch for the root when it says that bus services may not be provided in some areas if a benchmark is set whilst it ineffectively monitors bus companies. The Government should figure out the logic of how things stand.

There are views that setting a benchmark for the lost trip rate will lead to the deletion of routes with a lost trip rate of more than 3%. Nonetheless, I would like to say that, according to section 24 of the Public Bus Services Ordinance (Cap. 230), if it appears to the Government that without good cause a bus company has failed to maintain a proper and efficient public bus service, that is, it has a lost trip rate of 3% as proposed, the Government may first serve on the bus company a notice requiring it to show cause in writing within 28 days. Therefore, the bus company has an opportunity to show cause and the routes that are not up to standard will not be immediately deleted. The bus company may explain to the Government why some routes have a lost trip rate of more than 3% in a specific quarter; for example, that may be caused by poor weather conditions, road congestion, and a shortage of bus captains or the mismanagement of the bus company. If the serious lost trip problem is caused by factors that the bus company cannot control or influence, I believe it would be understood by the Government and it will not frivolously or rashly revoke the franchise of the bus company.

President, setting a benchmark for the lost trip rates of bus companies is an action that must be taken by the Government. I hope the Government would make good use of technologies and improve the efficiency of bus operation, and improve bus services and the accuracy of service schedules. Thank you, President.

MR WONG SING-CHI (in Cantonese): President, the franchises of Long Win Bus Company Limited (LWB), Citybus Limited (Citybus) (Franchise for Airport

and North Lantau routes) and New World First Bus Services Limited (NWFB) are going to expire soon. The franchise period of these operators will expire in mid-2013. The franchise periods of LWB and Citybus (Airport and North Lantau routes) are from 1 June 2003 to 1 May 2013 while the franchise periods of NWFB is from 1 August 2003 to 1 July 2013.

The Government should discuss with bus companies how to address the lost trip problems. The Democratic Party proposes setting a clear and objective benchmark for lost trip rates of bus services, so as to improve the overall quality of service. President, the six Orders seek to formalize the change of bus routes of franchised bus companies. As stated in the government paper, the changes have been made to better serve the travelling public and improve the efficiency of bus operation. In my view, better service includes optimizing routes and ensuring the accuracy of service schedules. I believe Members and the Government want to improve the overall quality of bus service. Apart from routes, I think the accuracy of service schedules is also an important aspect in enhancing service quality and operation efficiency. In addition to routes, a specific benchmark should be set for the lost trip rates of bus services, so as to assess the accuracy of service schedules.

President, we propose to set the benchmark at 3% and I propose that, if the average lost trip rate of certain routes of bus companies in a specific quarter exceeds 3%, it should be deemed by the Chief Executive in Council that the bus companies have failed to maintain a proper and efficient public bus service. Unfortunately, the Government has not proposed a relevant amendment or set a benchmark for the lost trip rates.

It is important to set a benchmark for the lost trip rates of bus services. The average lost trip rate of all bus services in Hong Kong was 5.6% in 2011, which was higher than that of about 3% to 4% in the previous two years. The problem was more acute in certain districts, including the Kowloon City District which recorded a lost trip rate of 11.1% in 2011, about twice the total average rate. The lost trip rate in Sham Shui Po was close to 10%, that is, 9.8%; a high rate of 9.3% was also recorded in Yau Tsim Mong. The lost trip rates in North District and Sha Tin were 7.1% and 6% respectively, higher than the total average.

President, as Mr LEE Wing-tat has said earlier, among the five bus operators, Kowloon Motor Bus Company (1933) Limited (KMB) has the highest lost trip rate, which reaches 7.2% on average, higher than the total average rate of 5.6%. The lost trip rates of the non-Cross Harbour Tunnel bus routes of the KMB were even higher than its overall lost trip rate, which were 7.3% and 7.2% respectively. As for other bus companies, the overall lost trip rate of NWFB is 3.1% and the relevant rate of LWB is 1.6%. All these figures indicate that KMB has a very serious lost trip problem.

In view of the above figures, I would like to propose some improvement to the existing monitoring system on bus services. The Democratic Party proposes that the Government should set the benchmark at 3% on the basis of the past data. It also suggested that this benchmark should be regarded as one of the factors for consideration in determining whether bus companies have maintained suitable and efficient bus services.

President, in the long run, we think that one of the options is to put in place an electronic system to gather real-time information on bus arrival and departure time at bus stops. As stated in the Subcommittee report, the Government can consider setting up an electronic system using public fund to ensure that the cost incurred will not be passed on to the commuters. Nevertheless, the Government stated that the proposed use of public money to set up such a system for monitoring purpose would not be cost-effective. We should approach this issue from a long-term perspective and the Government should consider setting up an electronic system because it will help the optimum use of time and improve efficiency.

According to the Administration, franchised bus companies are obliged to set up their own management system. At present, KMB and LWB have developed an electronic "Terminus Management System" to assist in regulating bus arrival and departure times in some of their busy termini, to alleviate the enormous workload arising from the task of recording the departure information. On the other hand, Citybus and NWFB have installed computer terminals at some busy termini. The bus regulators manually input the bus departure times to the computer, and the information is linked to the bus companies' in-house database.

There are worries that should the proposals of the Democratic Party are accepted, will route with a lost trip rate of more than 3% be deleted? I would

like to clarify that, according to section 24 of the Public Bus Services Ordinance (Cap. 230), if it appears to the Government that without good cause a bus company has failed to maintain a proper and efficient public bus service, that is, it has a lost trip rate of 3% as proposed, the Government may first serve on the bus company a notice requiring it to show cause in writing within 28 days.

Therefore, the bus company has an opportunity to explain to the Government whether the accuracy of service schedules has been affected by factors such as the company's management problems, operational efficiency, human resources or external factors such as the weather and the traffic. If the serious lost trip problem is caused by factors that the bus company cannot control or influence, I believe it would be understood by the Government and it will not frivolously or rashly revoke the franchise of the bus company for the route in question or its franchise as a whole.

As regards the problems of franchised bus companies, apart from the above opinions, I have also tried to make analysis in light of labour and manpower allocation. I have examined the ratio of KMB buses to bus captains, and I have noticed that KMB ranks second last; it only ranks higher than the New Lantao Bus (1973) Limited (NLB). We must bear in mind of the great difference between the coverage of the routes of KMB and NLB.

Let us compare KMB's ratio with the total ratio of various bus companies. As Mr LEE Wing-tat has just mentioned, KMB has a shortfall of 70 bus captains for every 1 000 buses. If we compare KMB's ratio to that of Citybus (Franchise 2), KMB has a shortfall of 720 bus captains for every 1 000 buses. This point has also been emphasized by Mr LEE Wing-tat just now. If we compare KMB with NWFB, KMB has a shortfall of 390 bus captains for every 1 000 buses than NWFB.

The ratio of KMB buses to bus captains is less than the total ratio, and there is even a mismatch. Perhaps it is because KMB has imposed harsh terms of employment for bus captains. There is an imbalance in the ratio of bus captains to vehicles, which undoubtedly adds to the work pressure of bus captains and consequently, they feel tired easily. If the bus captains have to work prolonged hours in a state of stress and fatigue, this will increase the likelihood of accidents. KMB has not treated bus captains fairly in terms of salary and working environment.

I raised a written question about the working conditions of bus captains last year (in 2011). The Government expressed concern about the bus captains' requests regarding amenity facilities at bus termini, and indicated that it had followed up with franchised bus companies in this regard. "As at the end of 2010, more than 70% of the bus termini were provided with rest rooms/rest areas for use by bus captains and other front-line staff. Toilets were available at over 90% of the bus termini or in the vicinity (within a walking distance of about three minutes) for use by bus captains."

The Government stated that more than 70% of the bus termini were provided with rest rooms/rest areas. Does it have any idea about the partition or space of the rest rooms/rest areas? A chair on the roadside may be regarded as rest area. There may not be any cover area or room, how can such a place be considered as a rest area? In saying that 70% of the bus termini are provided with rest areas, nothing has been mentioned about the remaining 30%.

Regarding toilets, according to the Government, toilets are available at over 90% of the bus termini or in the vicinity (within a walking distance of about three minutes). Bus captains drive buses every day, carrying tens or hundreds of people. Long working hours and heavy pressure certainly affect their psychological and physiological state. Their requests for toilets are just basic facilities, why should a bus captain, who has been stranded in a bus for a long time, has to walk another three minutes before addressing the most basic human need? The Government should face this issue squarely.

Thank you, President.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, first of all, I would like to thank the Subcommittee on the Six Schedules of Routes chaired by Dr Philip WONG for its work in the past few months. I understand that the Subcommittee does not oppose the six Orders in principle and we will certainly follow up the Subcommittee's views on further improving bus services expressed during its scrutiny of the Schedules of Routes.

Mr LEE Wing-tat has given notice earlier of his intention to propose a resolution at the Council meeting today. He intended to include a benchmark for regulating the mismatch of actual bus trips and scheduled bus trips (lost trips)

for the routes specified in the Schedules of Routes of individual franchised bus companies. As proposed by Mr LEE, if the lost trip rate of a route exceeds the proposed benchmark, the bus company should be deemed by the Chief Executive in Council as having failed to maintain a proper and efficient public bus service in respect of that specified route. If it appears to the Chief Executive in Council that the bus company has failed to maintain a proper and efficient public bus service without good cause, it may revoke its franchise to operate a service on a specified route.

The proposed amendments do not comply with the relevant statutory requirements. If these amendments are passed, there will be fundamental impacts on the existing franchised public bus services; thus, the Government raises objections. The President of the Legislative Council also concludes that the proposed amendments, if passed, are inconsistent with the Public Bus Services Ordinance (PBSO) and are not consistent with the powers of the Chief Executive in Council to make the six Orders. The President of the Legislative Council ruled that Mr LEE Wing-tat's proposed resolutions are out of order and the notices be returned.

It is a consistent government policy on public bus services to ensure that the operators will provide appropriate, efficient, reliable and affordable services. At present, there are five franchised bus companies operating six bus franchises. These companies are operating around 570 bus routes, carrying about 3.8 million passengers daily. The overall stability of public bus services is extremely important to the general public.

To ensure the overall service standard of public buses, there are already complete and clear legal framework and administrative arrangements to regulate such services, mainly in four aspects:

First, about the legal framework, public bus services are regulated under the PBSO, which specifies that franchised bus companies shall maintain proper and efficient public bus services and also sets out the penalties for the failure to meet the requirement.

Second, the Chief Executive in Council grants the right to operate a public bus service on a regular basis under the PBSO, and a franchise period generally does not exceed 10 years.

Third, the Chief Executive in Council will make Schedule of Routes orders at any time under the PBSO, specifying all routes on which public bus services will be operated by individual operators.

Lastly, owing to the different specific operating conditions and service needs of each route, the directions on the actual level of service of all individual routes and other day-to-day management instructions such as timetable, bus trips and bus deployment will be given by the Commissioner for Transport. According to the PBSO, such directions may only be given after the Commissioner has consulted the relevant bus companies. The direction for each route will be set out in the service details formulated for individual routes for administrative purpose and the direction for each route will be different.

As I have explained earlier, the Schedule of Routes Orders specify under the PBSO all routes operated by franchised bus companies. Members may have noticed that, other than routes, the orders do not include any other directions related to the operation and services (such as the bus trips or lost trip rates).

It is a consistent practice for the Schedules of Routes Orders to be tabled at a Legislative Council meeting for negative vetting after Chief Executive in Council has made the Orders. The Orders are generally updated once every one to two years. The Transport Department will consult the District Councils concerned before making changes to bus routes and starting the legislative process.

The six Orders are made to formalize the alterations made to specified bus routes of the franchised bus companies on a temporary basis during the period between 1 October 2010 and 30 September 2011 in light of the changes in passenger demands and the population changes in certain districts, and for strengthening the co-ordination between different public transport services. The six routes specified by order are generally supported by the relevant District Councils. At the meetings of the Subcommittee to scrutiny the schedule of services, members have no objection to the alterations to the bus routes under the six Orders.

The Transport Department has a statutory and administrative system for close monitoring of franchised bus operation. For instance, through administrative means and in accordance with statutory requirements, franchised

bus companies are required to operate bus services in accordance with the frequency of individual routes as stipulated in the Schedule of Service approved by the Transport Department. Such an approach has worked well in responding quickly and flexibly to the passenger demand changes on different routes.

We understand that Members are earnestly concerned with the recent lost trip problems of individual bus companies. Even though some causes of lost trips such as road congestion or emergencies are beyond the control of the bus companies, we agree that the continuously high lost trip rates reflect that the services provided by the bus companies to the public are unsatisfactory.

In view of this, under its statutory and administrative system, the Transport Department has followed up with individual bus companies the lost trip problems and urged the relevant bus companies to make proper remedies. The Commissioner for Transport has respectively issued warning letters to the bus company in December last year and March this year, requesting it to implement improvement measures and specifying that the bus company will be deemed as having failed to maintain a proper and efficient public bus service if the lost trip problem is not significantly improved by late June, and it has to bear the legal consequences. The Transport Department will continue to watch developments closely and actively follow up the situation, and it is prepared to take appropriate actions under the PBSO.

Although the Government shares Members' grave concern about the levels of service provided by public buses, we do not agree to the provision of a lost trip "benchmark" in the Orders as it is unrelated to the Schedules of Routes. Operationally, the proposal will affect the overall stability and efficiency of franchised bus services, and the bus services in some areas may even be seriously affected or suspended, causing inconvenience and distress to the public, which will be counterproductive. According to legal principles, we think that the proposal is not consistent with the power to issue the Orders conferred upon the Chief Executive in Council under the PBSO.

Currently, the routes operated by each franchised bus company are basically network-based, and the routes with greater demands and higher profits will subsidize those routes that meet community needs but have recorded losses. The latter routes generally serve the more remote, less populated districts or districts facing competition against other forms of public transport.

Approximately 60% (over 300 franchised bus routes) in Hong Kong have currently recorded losses.

If the proposal of the provision of a lost trip "benchmark" in the Orders is approved, the franchised bus operation will change from an overall network to individual routes, providing incentives for individual bus companies to concentrate resources in routes with higher profits. Hence, the routes that have recorded losses will more easily have lost trip problems. In case no defence is made by a bus company, the Chief Executive in Council will cancel the routes concerned according to relevant benchmarks.

In the above case, though the cancelled routes will be re-tendered by the authorities, the tender process takes time and we cannot estimate whether other operators would be willing to operate these fragmentary routes lacking cost-effectiveness. Even if new operators can be found, it will be difficult for them to make comprehensive and long-term investment for the development of these fragmentary routes. Furthermore, economies of scale in respect of bus deployment, depot maintenance and the use of human resources can hardly be achieved. This will ultimately affect the quality of services and fares, which is quite disadvantageous to passengers.

The franchised bus route networks in Hong Kong will become fragmented and isolated, undermining the synergy effect. There will also be impacts on the overall quality and stability of bus services and the livelihood of the employees of bus companies. We believe this is contrary to the objectives of the Legislative Council and the Government to ensure that the operators provide the public with appropriate, efficient, reliable and affordable public bus services and the ultimate victims will be those passengers who need to rely on public bus services.

President, I believe the Government, Mr LEE Wing-tat and all Members present have the same objective of ensuring that the public will be provided with appropriate, efficient, reliable and affordable bus services. We will have communication with Members and listen to their views on how to further enhance the monitoring level and assist bus companies in improving service quality.

Thank you, President.

WRITTEN ANSWERS TO QUESTIONS**Waste Management in Hong Kong and Other Cities**

1. **MR VINCENT FANG** (in Chinese): *President, the Environmental Protection Department (EPD) is conducting public consultation on the charging for municipal solid waste (MSW) and the consultation document cited the experience of some cities (including Taipei City, Seoul, western peripheral cities of Metropolitan Tokyo, Singapore, Beijing and Guangzhou, and so on) where MSW charging has been implemented. In this connection, will the Government inform this Council:*

- (a) *whether it knows the means of treating or disposing MSW, such as recovery, incineration and disposal at landfills, and so on, adopted by the aforesaid cities where MSW charging has been implemented, and the respective percentages of the quantities of MSW treated by the various means; the changes in the MSW recovery rates before and after the implementation of MSW charging in the various cities; and the uses of the charges collected;*
- (b) *whether it knows if the governments of the aforesaid cities have given direct or indirect support and assistance to waste recovery or treatment, including introducing supportive measures in terms of taxation, technology, land or funding, and so on; if so, the relevant measures; and the number and nature of waste treatment facilities established with government support;*
- (c) *whether, at the present stage, the Government has any plan to extend the scope of the existing three-coloured waste separation bin (three-coloured bin) scheme to recover waste materials in addition to paper, plastic and aluminium cans; if it has, of the plan; if not, the reasons for that;*
- (d) *of the changes and the rates of increase/decrease in the quantity of plastic waste recovered through the three-coloured bins provided by the Food and Environmental Hygiene Department (FEHD) after the implementation of the Environmental Levy Scheme on Plastic Shopping Bags;*

- (e) *whether the Environment Bureau or the EPD follows up on where the waste recovered through three-coloured bins will be processed; whether it knows if there is any enterprise engaged in the recycling of plastic waste in Hong Kong at present; if there are such enterprises, the quantity of plastic waste recycled by them; if there is not any, the reasons for that; and*
- (f) *of the number of directorate officers in the Environment Bureau and the EPD who have undergone professional training relating to environmental protection and have relevant working experience, as well as the percentage of them in the total number of directorate officers in the Environment Bureau and the EPD; given that the number of environmental protection measures implemented by the Government is increasing, whether the relevant Policy Bureaux or their executive arms have any plan to recruit more staff to take charge of the relevant measures; if so, of the recruitment criteria?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President, Hong Kong is facing an imminent waste problem. In response, the Government has drawn up a multi-pronged strategy which includes amongst other things the engagement of the public in deliberations on possible options of MSW charging to create economic incentives to encourage waste reduction at source. To this end, the Government published a consultation document on 10 January 2012, outlining the relevant international experience in waste charging and presenting the issues to be considered in implementing charging in Hong Kong, for instance adjustments that might be required in the existing waste collection services and how our people have to change their waste disposal habit. Our response to the question is as follows:

(a) and (b)

MSW is treated through different means in Taipei City, Seoul, Tokyo and Singapore, and the respective percentages of these treatment methods are tabulated below (we do not have relevant information for Beijing and Guangzhou):

	<i>Recycling</i>	<i>Incineration</i>	<i>Landfills or other methods</i>
Taipei City	58%	42%	0%
Seoul	68%	19%	13%

	<i>Recycling</i>	<i>Incineration</i>	<i>Landfills or other methods</i>
Tokyo	23%	74%	3%
Singapore	48%	51%	1%

According to the information that we have collected, amongst the six cities, Taipei City, Seoul and Tokyo have implemented domestic waste charging through different charging mechanisms for waste reduction purposes. The latest waste recovery rate of these cities is 58% (as at 2010), 68% (as at 2009) and 23% (as at 2009) respectively. Taipei City implemented quantity-based waste charging in 2000 through a designated garbage bag requirement, and their recovery rate at that time was 5%. Seoul implemented similar measures in 1995 and their recovery rate at that time was 29%. Nevertheless the recovery rate of both cities increased significantly after waste charging was implemented.

As we have presented in the consultation document, Singapore implemented a fixed waste charge so as to defray the contract costs for outsourcing waste collection services on a regional basis. Taipei City and Seoul implemented a quantity-based waste charge for waste reduction purposes. As far as we understand, the income from the waste charge could not fully meet the expenditures required for waste management. We do not have the relevant information for Beijing and Guangzhou.

The six cities mentioned above practise different policies in respect of waste management and waste recycling; the level of participation and assistance provided by their respective governments also vary from one to another. The number of their waste treatment facilities breakdown by facility types is set out below:

	<i>Incinerators</i>	<i>Landfills</i>	<i>Food waste treatment or composting facilities</i>
Taipei City	3	1	1
Seoul	4	1	6
Tokyo	21	1	0
Singapore	4	1	0

	<i>Incinerators</i>	<i>Landfills</i>	<i>Food waste treatment or composting facilities</i>
Beijing	1	12	1
Guangzhou	1	2	0

- (c) At present, a wider range of recyclables are accepted at our three-colour recycling bins, from previously paper, plastic bottles and aluminium cans only to now waste paper, metal (including aluminium cans) and plastics (including plastic bottles). There are graphical and written illustrations on the recycling bins to show the types of materials that are accepted. With the Government's encouragement and assistance, relevant trades have also launched various recycling programmes covering recyclables such as used clothes, waste electrical and electronic equipment, compact fluorescent lamps and fluorescent tubes, rechargeable batteries and glass bottles, and so on. We will review the coverage and types of our recycling programmes from time to time so as to enhance public participation in recovering different types of recyclables.
- (d) The first phase of the Environmental Levy Scheme on Plastic Shopping Bags was implemented in July 2009 covering some 3 300 registered retail outlets. In 2010, the FEHD collected a total of 95.2 tonnes of waste plastics through the three-colour recycling bins installed in public places, showing an increase of 45% when compared with 65.7 tonnes collected in 2009.
- (e) According to the contractual terms, the FEHD's contractors must hand over the recyclables (including plastics) collected through the three-colour recycling bins to approved recyclers for treatment. The recyclers will handle such recyclables together with those collected from other channels, with most of which will be exported to the Mainland or overseas for recycling. There are enterprises operating plastic recycling businesses in Hong Kong, and approximately 4 000 tonnes of plastic materials were locally recycled in 2010.

- (f) At present, there are 39 directorate posts in the Environment Bureau and the EPD. The incumbents are drawn from three grades, namely the Environmental Protection Officer (EPO), Administrative Officer and Treasury Accountant grades. Over 70% of them belong to EPO grade and possess the professional background, forming the linchpin of our directorate staff. Apart from environmental protection, the Environment Bureau/EPD is also responsible for policies on energy and sustainable development. For the environmental protection purview, all responsible EPO grade officers at directorate level have received training and possess working experience related to environmental protection. We would review our manpower requirements from time to time in the light of operational needs and arrange training for our human resources. We would conduct recruitment exercise according to established Government recruitment procedures when such a need arises.

Assistance for Street Sleepers

2. **MR WONG YUK-MAN** (in Chinese): *President, it has been reported in the press that on 25 February this year, the Sham Shui Po District Office (DO) carried out a joint operation with other government departments to clear the sleeping places of street sleepers in the district. In this connection, will the Government inform this Council:*

- (a) *why DO removed the personal documents and belongings of street sleepers without giving any notice and refused to return them to the owners; whether it has assessed if such practice contravenes section 20 of the Public Health and Municipal Services Ordinance (Cap. 132); if it has, of the assessment result; whether DO will arrange street sleepers to retrieve their personal documents and belongings;*
- (b) *given the cold weather on the day of the aforesaid operation, whether the relevant government departments immediately arranged the street sleepers to seek refuge in temporary cold shelters (TCSs) after the clearing operation; if not, of the reasons for that;*

- (c) *given that the Home Affairs Department (HAD) will open TCSs when the Hong Kong Observatory (HKO) issues cold weather warning, whether the HAD will at the same time arrange staff members to reach out to street sleepers in the districts and assist them in seeking refuge in the TCSs; if not, of the reasons for that; and*
- (d) *given that some organizations have pointed out that at present there are around 1 000 street sleepers in Hong Kong, whether the Government will allocate additional resources to the Social Welfare Department (SWD) or other social welfare organizations, so as to enhance their support services provided to street sleepers?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, the Government has always been concerned about the needs of street sleepers. We provide various support services to address their emergency needs and enhance their work motivation and skills so as to help them give up street sleeping and become self-reliant.

In certain districts, the public have expressed concerns over hygiene and law and order issues at places with more street sleepers. As far as Sham Shui Po district is concerned, the DO has been co-ordinating joint operations conducted at these spots. The departments concerned discharge their duties in accordance with their respective purviews to enhance environmental hygiene, while showing full respect for the street sleepers.

In general, the SWD is aware of the details of the operation beforehand and would approach the street sleepers and provide suitable assistance. Social workers of agencies subvented by the SWD also visit the street sleepers at different times to understand their needs and offer assistance.

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

- (a) Regarding the joint operation of 15 February 2012 conducted under the Tung Chau Street Flyover in Sham Shui Po which was reported in the press, the DO was responsible for the co-ordination work before the operation, while the Food and Environmental Hygiene Department (FEHD) and the police were responsible for street

cleansing and maintaining law and order respectively. Staff of the DO was not on site during the operation.

As in the past, staff from participating departments would first explained their actions to the street sleepers affected and allowed them time for packing and removal of personal belongings, including identification documents and other properties. It is only after the street sleepers have removed their belongings that the staff of the FEHD would begin to clear the litter and waste left behind and cleanse the place. The litter and waste collected would be transported to refuse transfer stations for disposal when the operation was completed. During the operation, the staff of the FEHD would allow the street sleepers to retrieve anything that they wished to take back from the litter or waste that has been left behind.

Regarding section 20 of the Public Health and Municipal Services Ordinance (Cap. 132) referred to in the question, the FEHD considers that there is no need to issue a notice under the aforesaid section because the Department is responsible for the clearing of litter and waste left on the ground during the joint operation.

- (b) When the HKO issues cold weather warning, the HAD will open TCSs across the territory for use by people in need. According to our records, the HKO did not issue cold weather warning on 15 February and therefore the TCSs were not opened on that day.
- (c) When TCSs across the territory are open, the HAD will issue a press release to notify members of the public. Banners will also be erected in conspicuous positions near the TCSs in districts to indicate that the facilities are in operation. The TCSs in Sham Shui Po district is located in Nam Cheong District Community Centre, which is close to the places where street sleepers in the district usually gather. It is observed that users of the TCS are mainly street sleepers in the vicinity. In addition, the SWD also co-ordinates visits by social workers from local welfare agencies to places where street sleepers usually gather at different times of the day. The social worker will arrange regular outreach services to the street sleepers and provide suitable services to those in need.

- (d) As mentioned above, the Government has always been concerned about the needs of street sleepers and provides various support services to them. According to the statistics of the SWD, until February 2012, the number of registered street sleepers in Hong Kong was 504.

Since April 2004, the SWD has been providing subvention to three non-governmental organizations (NGOs) for each to operate an Integrated Services Team for Street Sleepers (IST). ISTs provide one-stop services for street sleepers including day and late-night outreaching visits, emergency shelter and short-term hostel placement, counselling, employment guidance, personal care (for example, bathing, haircut and meals), emergency relief fund, arrangement of long-term accommodation, aftercare service and service referrals, and so on. Since 2009-2010, the SWD has allocated an additional \$20,000 for each IST, bringing the annual emergency fund from \$50,000 to \$70,000, to help eligible users cover various expenses, such as short-term payment of rent and living costs, rental deposit and other removal expenses, and so on.

To address the emergency and short-term accommodation needs of street sleepers and other needy persons, the SWD subvents NGOs to operate five urban hostels and two emergency shelters, providing a total of 202 short-term accommodation places with related counselling services. Apart from these subvented places, there are eight street sleeper hostels or temporary shelters operated by NGOs on a self-financing basis, providing a total of 437 places of overnight or temporary accommodation for street sleepers.

The SWD will continue to closely monitor the demand and operation of these street sleeper services.

Statistics on Household Income

3. **MR LEE CHEUK-YAN** (in Chinese): *President, regarding the household income data collected from the 2001 Population Census, the 2006 Population By-census and the 2011 Population Census, will the Government provide the following data for 2001, 2006 and 2011:*

- (a) *the range, median and mean of the household income for each of the 10 decile groups obtained by dividing the number of all Hong Kong households according to their household income in each of the aforesaid three years (list in ascending order);*
- (b) *the range, median and mean of the per capita household income for each of the 10 decile groups obtained by dividing the number of all Hong Kong people according to their per capita household income in each of the aforesaid three years (list in ascending order); and*
- (c) *the respective Gini coefficients compiled on the basis of household income and per capita household income in each of the aforesaid three years?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, the Census and Statistics Department (C&SD) has published the summary results of the 2011 Population Census in late February this year, but detailed statistical data (including the distribution of household income and the related computation of Gini Coefficients) are still being compiled and will be released in mid-2012. Therefore, at this stage, the C&SD can only compare the relevant results of the 2001 Population Census and those of the 2006 Population By-census. The comparisons are set out below:

- (a) Monthly Domestic Household Income by Decile Group in 2001 and 2006

Decile Group	Monthly Domestic Household Income (HK\$)					
	2001			2006		
	Range	Median	Mean	Range	Median	Mean
1st	0 - 5,000	2,980	2,570	0 - 4,200	2,400	2,170
2nd	5,000 - 8,460	6,750	6,700	4,200 - 7,500	6,000	5,920
3rd	8,460 - 11,300	10,000	9,900	7,500 - 10,100	9,000	8,900
4th	11,300 - 15,000	13,000	13,070	10,100 - 13,600	12,000	11,880
5th	15,000 - 18,710	16,500	16,610	13,600 - 17,250	15,300	15,400
6th	18,710 - 23,000	20,500	20,680	17,250 - 21,500	19,500	19,380
7th	23,000 - 29,000	25,710	25,800	21,500 - 27,400	24,250	24,330
8th	29,000 - 37,670	32,560	32,810	27,400 - 36,000	31,000	31,260
9th	37,670 - 55,000	44,650	45,090	36,000 - 53,750	42,900	43,360

<i>Decile Group</i>	<i>Monthly Domestic Household Income (HK\$)</i>					
	<i>2001</i>			<i>2006</i>		
	<i>Range</i>	<i>Median</i>	<i>Mean</i>	<i>Range</i>	<i>Median</i>	<i>Mean</i>
10th	>=55,000	80,000	121,390	>=53,750	78,000	115,010
Overall		18,710	29,460		17,250	27,760

Note:

Decile groups are demarcated using domestic households as units.

(b) Per Capita Monthly Domestic Household Income by Decile Group in 2001 and 2006

<i>Decile Group</i>	<i>Per Capita Monthly Domestic Household Income (HK\$)</i>					
	<i>2001</i>			<i>2006</i>		
	<i>Range</i>	<i>Median</i>	<i>Mean</i>	<i>Range</i>	<i>Median</i>	<i>Mean</i>
1st	0 - 2,120	1,540	1,390	0 - 2,000	1,380	1,230
2nd	2,120 - 3,000	2,500	2,540	2,000 - 2,830	2,450	2,420
3rd	3,000 - 3,750	3,330	3,350	2,830 - 3,700	3,250	3,260
4th	3,750 - 4,670	4,180	4,190	3,700 - 4,670	4,170	4,170
5th	4,670 - 5,670	5,130	5,150	4,670 - 5,700	5,130	5,160
6th	5,670 - 6,900	6,250	6,270	5,700 - 7,000	6,300	6,310
7th	6,900 - 8,570	7,640	7,680	7,000 - 8,740	7,750	7,790
8th	8,570 - 11,200	9,750	9,760	8,740 - 11,500	10,000	9,990
9th	11,200 - 17,250	13,480	13,700	11,500 - 17,700	13,900	14,120
10th	>= 17,250	25,100	35,100	>= 17,700	25,870	36,060
Overall		5,670	8,910		5,700	9,050

Note:

Decile groups are demarcated using resident population in domestic households as units.

(c) Gini Coefficients in 2001 and 2006

	<i>2001</i>	<i>2006</i>
Computed on the basis of monthly household income	0.525	0.533
Computed on the basis of post-tax post-social transfer monthly household income	0.470	0.475
Computed on the basis of per capita monthly household income	0.491	0.502
Computed on the basis of post-tax post-social transfer per capita monthly household income	0.421	0.427

Measures to Enhance Occupational Safety and Health of Cleansing Workers

4. **DR LEUNG KA-LAU** (in Chinese): *President, it has been reported that with regard to the case of a cleansing worker who was killed in an explosion caused by incorrectly mixing cleansing agents, the coroner handling the case pointed out that he had handled quite a number of cases involving cleansing workers being killed after inhaling toxic chemical fumes, and such cases reflected that the knowledge of these workers and their supervisors about dangerous cleansing agents was limited, and the management of some cleansing companies was perfunctory about adopting occupational safety and health measures. The coroner therefore suggested the Labour Department (LD) to introduce a licensing system to ensure the implementation of effective occupational safety guidelines by the management of cleansing companies. In addition, according to a survey report on the chemical hazards to workers of the outsourced cleansing service industry published in 2010 by an organization which is concerned about occupational health (the organization), among the cleansing workers interviewed, nearly 80% indicated that their employers had not provided proper training, nearly half of them said that the safety information on chemicals provided by their employers was inadequate, and over 40% of them said that they did not understand the labels on chemicals and did not read the contents. The organization suggested that employers should enhance safety measures and training, and that the Government and property developers should stipulate in detail contractors' responsibilities for safeguarding occupational safety and health of cleansing workers in the outsourced cleansing service contracts, conduct regular reviews, and introduce a demerit point system to penalize contractors for not implementing the relevant measures. The organization also suggested that the LD should step up monitoring and inspection to check whether the employers were fulfilling their relevant responsibilities. In this connection, will the Government inform this Council:*

- (a) *of the measures currently adopted by the LD targeted at safeguarding the occupational safety and health of cleansing workers;*
- (b) *whether the LD will draw up relevant measures to minimize the potential risk posed to cleansing workers when they come into contact with and use chemicals, and increase their awareness towards the hazards of different chemicals; if it will, of the details; and*

- (c) *whether the LD will make reference to the aforesaid suggestions by the coroner and the organization on enhancing the safeguard for the occupational safety and health of cleansing workers by cleansing companies and employers, and take follow-up actions and adopt improvement measures, including introducing a licensing system and a demerit point system in respect of the outsourced cleansing service contracts of the Government, and so on?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to Dr LEUNG Ka-lau's question is as follows:

- (a) At present, the LD safeguards the occupational safety and health of cleansing workers through enforcement, education and publicity. To prevent accidents involving the use of chemicals by cleansing workers, the LD, during its inspections to workplaces, urges cleansing contractors to comply with relevant legislation and take suitable measures so as to ensure the safety of workers. These include affixing correct and clear labels on chemical containers, so that cleansing workers clearly recognize and understand their contents. In 2011, the LD launched special enforcement campaigns targeting cleansing workplaces, in which a total of 325 inspections were conducted, 146 warnings and six improvement notices issued, and four prosecutions taken out.
- (b) At present, the LD and the Occupational Safety and Health Council jointly organize promotional activities in collaboration with relevant employers' associations, contractors, trade unions and property management companies. Through organizing occupational health talks and distributing occupational safety and health publications, cleansing contractors are reminded to discharge their duties by providing relevant information, instructions, training and supervision to their employees to ensure their safety in using chemicals. In 2011, the LD organized 10 occupational health talks tailor-made for employers and employees from the cleansing industry, covering safe use of chemicals, so as to enhance their understanding of the hazards of using chemicals, recognition of labels of containers and their contents, and the associated safety measures.

- (c) In accordance with the general duty provisions under the Occupational Safety and Health Ordinance (OSHO), employers must, so far as reasonably practicable, ensure the occupational safety and health of their employees. For the cleansing industry, employers have the duty to provide and maintain safe systems of work for cleansing workers, ensure the safe use of chemicals for cleansing purpose, and provide necessary information, instructions, training and supervision to cleansing workers, including the provision of adequate information on chemical safety and correct labels. An employer who violates the requirement is liable to a maximum fine of \$200,000 and to imprisonment for six months. The OSHO also stipulates that employees must, so far as reasonably practicable, take care of their own safety and health and that of other persons who are at the workplace. An employee who violates the requirement is liable to a maximum fine of \$50,000 and to imprisonment for six months. The LD will, under the existing legal framework, step up inspections and enforcement, and will carefully examine the feasibility of implementing a licensing system and demerit point system, as recommended by the coroner and the relevant organization.

Allocation of Resources for Local and Non-local Students in Universities

5. **MRS SOPHIE LEUNG** (in Chinese): *President, some local students of the universities in Hong Kong (the universities) relayed to me that there was keen competition for university education resources (including undergraduate places, hostel accommodation, scholarships and postgraduate places, and so on) among local and non-local students. In this connection, will the Government inform this Council whether it knows:*

- (a) *if the various universities have formulated different policies on the allocation of undergraduate places for local and non-local students; if they have, the details; if not, the reasons for that;*
- (b) *the systems for allocating hostel places of the various universities at present; if guidelines have been issued to the universities by the*

authorities with a view to enhancing transparency of such systems (including the processing of applications from local students); if assessments have been conducted on whether the hostel places of the various universities can meet the needs of both local and non-local students; and

- (c) *the details (including the ratios between local and non-local students) about the allocation of scholarships and postgraduate places by the various universities at present; if relevant guidelines have been issued to the various universities by the authorities to enable local students to have sufficient opportunities to obtain such resources?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) Under the existing policy, University Grants Committee (UGC)-funded institutions may admit non-local students to their sub-degree, degree and taught postgraduate programmes subject to a quota of 20% of the respective approved student number targets of these programmes. The 20% quota is split into 4% within the approved student number targets and 16% outside the approved student number targets. In accordance with this policy, institutions may decide on the number of enrolments of non-local students taking into account their own developments.
- (b) Under the existing policy, the provision of publicly-funded hostel places from UGC-funded institutions is calculated according to the following criteria:
- (i) all undergraduate students should be given the opportunity to stay in student hostels for at least one year of their courses; and
- (ii) all research postgraduate students, non-local students as well as undergraduate students whose daily travelling time exceeds four hours should be provided with student hostel places.

The above criteria are applicable to all UGC-funded institutions except Lingnan University and the Hong Kong Institute of Education⁽¹⁾.

As the allocation of student hostel places is a matter within institutional autonomy, the UGC has not issued any guidelines to the institutions in this regard. Each institution has devised and promulgated its own set of criteria and procedures for allocating publicly-funded and privately-funded hostel places for students' reference. Institutions have also put in place mechanisms for handling students' appeal cases. In general, institutions will take into account a host of factors when allocating hostel places, including, as far as practicable, giving all undergraduate students the opportunity to stay in student hostels for at least one year of their courses, and giving priority to non-local students, as well as local students with accommodation needs.

Currently, UGC-funded institutions have some 28 600 publicly-funded hostel places, including about 5 000 places under construction. In the 2011-2012 academic year, 2 883 additional hostel places are required on top of the existing supply level, calculated based on the prevailing enrolment rate of non-local students by the institutions. With the implementation of the new academic structure, the provision of an additional 380 first-year-first-degree places and 4 000 senior year places, and the anticipated gradual increase in the enrolment rate of non-local students over the 2012-2013 to 2014-2015 triennium, we expect the additional requirements to further increase to about 13 600 hostel places by the 2014-2015 academic year.

The Administration has been working closely with the UGC and institutions to meet the additional requirements for hostel places. It is anticipated that a total of some 3 820 publicly-funded hostel places will be provided by six hostel projects under planning. These

(1) The Government provides Lingnan University with hostel places for 50% of its full-time degree student population having regard to its remote location and its aspirations to develop itself into a relatively small, fully residential liberal arts institution. The Hong Kong Institute of Education is provided with hostel places for 50% of its full-time degree student population projected at the time of its establishment having regard to the potential merits that hostel life brings in enhancing pre-service teacher education.

projects include one joint hostel project in Tseung Kwan O, and five other hostel projects in Ma Liu Shui/Tai Po, Ma On Shan and Sai Ying Pun. In addition, it is estimated that some 5 000 additional hostel places can be provided by the institutions within or in the vicinity of their campuses. The UGC has urged those institutions with available sites to start planning for student hostel projects to meet their additional requirements. Meanwhile, the Administration will continue to work with the UGC and institutions to identify other new sites and seek the necessary funding support for new hostel projects through the established mechanism.

- (c) According to the provisional figures for the 2011-2012 academic year, there are 10 258 postgraduate students (including research and taught postgraduate students) in the eight UGC-funded institutions, of which 5 404, or 52.7%, are local students. As for scholarships, the institutions currently provide a wide range of scholarships for outstanding students using private donations and matching funds. We do not have any data on the allocation of scholarships by the institutions. Regarding the HKSAR Government Scholarship Fund (the Fund), its objective is to encourage outstanding local students to stay in Hong Kong to pursue their studies and attract meritorious non-local students to study in Hong Kong. In the 2010-2011 academic year, 294 local students and 220 non-local students were awarded scholarships under the Fund.

Provision of Social Services to Children Born Locally but Whose Parents Are Non-permanent Residents of Hong Kong

6. **MR ANDREW LEUNG** (in Chinese): *President, it has been reported earlier that as children born locally but whose parents are non-permanent residents of Hong Kong (doubly non-permanent resident children) do not have household registration and benefits on the Mainland, their parents request the Government to provide residence and schooling for these children in Hong Kong. It has also been reported that of the pupils who were admitted to some local primary schools in recent years, some were doubly non-permanent resident children who had only attended kindergarten for no more than a few months, and these children, who could hardly take care of themselves and lacked basic skills such as recognizing numbers, and so on, had created much difficulty for the*

teachers who teach them. In this connection, will the Government inform this Council:

- (a) of the number of cases of doubly non-permanent resident children receiving Comprehensive Social Security Assistance in each of the past three years;
- (b) of the number of requests for provision of foster care to doubly non-permanent resident children in each of the past three years; and
- (c) whether the authorities will provide additional resources to help doubly non-permanent resident children cope with the problems they face upon admission to Primary One in schools in Hong Kong as well as integrate into society, and how the authorities will assist schools in addressing the learning and adaptation problems of such children?

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to Mr Andrew LEUNG's questions is as follows:

- (a) According to information provided by the applicants under the Comprehensive Social Security Assistance Scheme, some recipients born in Hong Kong and aged below 18 at the time of application have parents from the Mainland who are both non-Hong Kong residents (commonly known as "doubly non-permanent resident children"). The numbers of such cases in the past three years were as follows:

<i>Year (Number as at the end of December)</i>	<i>Number of cases</i>
2009	255
2010	286
2011	327

- (b) Among the foster care service cases arranged by the Social Welfare Department (SWD), there were three and four cases involving "doubly non-permanent resident children" in 2010 and 2011 respectively. The SWD did not collect such information for 2009 or before.

- (c) Regardless of the parents' permanent residence status, students eligible for receiving education in Hong Kong will enjoy the same educational support services as local students.

Same as other newly arrived children, "doubly non-permanent resident children" eligible for receiving education in Hong Kong are entitled to enjoy the support services offered by the Education Bureau. They may choose to attend the six-month full-time Initiation Programme prior to joining the mainstream schools. The Programme aims at enhancing students' proficiency in English and Chinese, strengthening their learning experience in a real classroom environment and helping them adapt to living in Hong Kong. If the students concerned choose to enrol in mainstream schools direct upon arrival in Hong Kong, they may attend Induction Programmes in parallel. The Induction Programmes are 60-hour programmes run by non-governmental organizations which aim to help these students cope with adjustment problems and learning difficulties which they may encounter when joining local schools. In addition, the Education Bureau provides public sector schools admitting newly arrived children with the School-based Scheme Grant to run school-based support programmes such as supplementary lessons, orientation programmes, guidance programmes and extra-curricular activities, and so on. All these programmes can help newly arrived children integrate into and adapt to the local education system.

Newly arrived children including "doubly non-permanent resident children" may encounter language and cultural adaptation difficulties such as delay in language development or speaking with their native accent, and so on. The Education Bureau has been providing primary schools with additional resources to help them render preventive and remedial speech therapy services to students according to their needs. These services include parent workshop, individual, group or in-class support as well as professional training for teachers, and so on. If newly arrived Primary One pupils are suspected to have learning difficulties, schools may identify those in need of intensive support through the prevailing "Early Identification and Intervention of Learning Difficulties Programme" for Primary One pupils. Schools may deploy the additional resources provided by the Education Bureau for supporting students with special

educational needs to render early remedial service for these students. Assessment will be arranged for those who display persistent learning difficulties such that further recommendation and remedial services can be provided. Professional officers of the Education Bureau, including educational psychologists, audiologists, speech therapists and inspectors, and so on, will provide further support for schools as required.

Operation of Ngong Ping 360

7. **MR JEFFREY LAM** (in Chinese): *President, the cable car system of Ngong Ping 360 (Ngong Ping 360) broke down again on the third day of the Lunar New Year this year and more than 800 visitors were stranded in midair for up to two hours. It has been reported that the incident has aroused strong dissatisfaction among tourists and affected the image of the tourism industry of Hong Kong. The Ngong Ping 360 Limited (hereinafter referred as "the Company") decided to suspend services for two months for maintenance and replacement of the bearings of bullwheels. In this connection, will the Government inform this Council:*

- (a) *given that following the three service suspension incidents in December last year, the Electrical and Mechanical Services Department (EMSD) had instructed the Company to enhance daily routine inspection, whether the Company had noticed during routine inspections the wear on the bearing that caused the aforesaid incident; if it had, why it had not replaced the bearing and handled the problem in a timely manner; if not, of the reasons for that;*
- (b) *whether it has assessed the losses suffered by the local tourism industry and the commercial tenants of the Ngong Ping Village due to the aforesaid service suspension; if it has, of the amount of losses; if not, the reasons for that; and*
- (c) *given that this is the 23rd service suspension incident of Ngong Ping 360 since its commissioning in 2006, whether the Government and the Company have assessed how Ngong Ping 360 compares with the similar type of cable car systems in other regions in terms of the frequency of incidents; if they have, whether the frequency of*

incidents of Ngong Ping 360 is too high; and whether they have learnt from the experience of the cable car companies in other regions in operation and conduct of safety checks; if they have, of the details; if not, the reasons for that?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, the Government attaches great importance to the operation and service standards of the Ngong Ping 360 ropeway. The Company must maintain a highly safe and reliable ropeway service, as well as be sensitive to visitors' needs. In the aftermath of the incident of 25 January 2012, the Government has been closely monitoring and assisting the Company in its follow-up actions, including thorough examination and tests, complete replacement of the concerned components, and improvement to the contingency and communication arrangements. We will ensure that the ropeway system is safe and reliable before allowing it to resume operation.

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

- (a) Following the three service suspension incidents last December, the EMSD instructed the Company on 23 December 2011 to step up daily routine inspections, carry out an examination of the cable car equipment and conduct a comprehensive review on its preventive maintenance work. Since then, the Company has finished the inspections and replaced the components involved in these three incidents. In addition, the Company has strengthened surveillance by operational personnel during the operation of the ropeway, as well as tightened the inspection criteria for associated components and shortened their replacement cycles.

The incident of 25 January 2012 was caused by a worn bullwheel bearing at the Airport Island Angle Station and did not involve the faulty parts identified in the incidents in last December. The Company conducted inspection of the bullwheel bearings on a monthly basis. In the latest regular monthly inspection preceding the incident of 25 January 2012, no abnormality was detected on the bullwheel bearings. To prevent recurrence of similar incidents, the Company has arranged the manufacturer and an independent expert to conduct an in-depth investigation into the incident. The scope of

investigation covers environmental factors, repairs and maintenance work, as well as quality and installation of components concerned. The Company has also commissioned an expert consultant to conduct a comprehensive review on the current repair and maintenance programme and, where necessary, institute further refinement and enhancement. Moreover, the EMSD has undertaken an independent investigation into the cause of the incident and is reviewing the current maintenance practices of the Ngong Ping 360 ropeway with a view to further improving the maintenance and repair practices.

- (b) Both the Government and the Company recognize that the suspension of ropeway service would impact on Hong Kong's tourism industry and shop tenants at the Ngong Ping Village in the short term. But we do not have data on the monetary impact. To subsidize the operation costs of the Village shops and enable them to continue normal operation during the suspension of ropeway service, the Company has already disbursed special allowances to them. It will continue to work with the shop tenants and the tourism industry on ways to promote Ngong Ping 360 to local and overseas visitors upon resumption of service.

In the meantime, promotional offers have been introduced to attract visitors to the Ngong Ping Village during the suspension of ropeway service. Visitors spending HK\$60 or more at the Ngong Ping Village can redeem, free of charge, a MTR single journey ticket for travelling from Tung Chung to MTR lines. Visitors who join arranged tours to Ngong Ping Village through tour operators or tour guides will be offered free admission to two multimedia attractions, namely "Walking with Buddha" and "Monkey's Tale Theatre".

Handling and following up the incidents prudently has demonstrated the Government and the management company's commitment to making service safety and reliability a top priority. We are making the best endeavours to ensure the reliability of the cable car system before the resumption of operation. We consider that the incidents of Ngong Ping 360 will not affect the reputation and development of the Hong Kong's tourism industry in the long run.

- (c) The Ngong Ping 360 ropeway is regulated by the Aerial Ropeways (Safety) Ordinance (Cap. 211), which stipulates the technical requirements that conform to the international standards for similar ropeway systems. The tests and daily operations of the ropeway system must be carried out by competent personnel. The Company is also required to commission independent surveyors to examine the whole ropeway system and submit examination reports to the EMSD every year.

Given the variations in the design, operating environment, speed and load of the ropeway systems around the world and the different definitions for ropeway incidents of the host countries, there is no uniform benchmark for comparing the reliability and incident frequency of the ropeway systems. Besides, with the total length of its ropeway at 5.7 km, the Ngong Ping 360 ropeway system is known to be the longest bi-cable ropeway system in Asia. Its design is unique, in that a long span of its ropeway (1.5 km) runs across the Tung Chung Bay without an intermediate tower; and that it is provided with two angle stations. It is therefore difficult to make a direct comparison with the other ropeway systems. That said, the Company will, in its own daily operations, make reference to the operation and safety inspection experience of the ropeway operators in the other regions. It has also joined the professional international ropeway organizations, including being a member of the International Organisation for Transportation by Rope as well as the China Ropeway Association, through which it exchanges experience with other ropeway operators and acquires professional information and new technologies for further improving the operation, as well as maintenance and repair works of the Ngong Ping 360 ropeway.

Unauthorized Building Works Involving Senior Government Officials

8. **MR FRED LI** (in Chinese): *President, in reply to a question raised by a Member of this Council on 29 February this year, the Government indicated that between late May and early June last year when unauthorized building works (UBWs) became a topical issue among the media, the Chief Executive reminded*

various Secretaries of Departments and Directors of Bureaux to review whether there was any UBW in the properties they owned, and requested that if necessary, they should engage authorized persons to inspect their units and seek professional advice. Further, the Government also stated that being the department responsible for enforcement against UBWs, the Buildings Department (BD) had all along been determined to act in accordance with the law and to be impartial to all, and would take enforcement actions in accordance with the Buildings Ordinance (Cap. 123) and the prevailing enforcement policy on UBWs. In this connection, will the Government inform this Council:

- (a) whether the BD's records on properties in which UBWs are found include the properties owned by the government officials listed in the table below; if so, of the details of the UBWs concerned and the enforcement actions taken by the authorities (set out the details in the table below by the government officials concerned who were in post during the period in May and June 2011);

<i>Details of the UBWs and enforcement actions taken by the BD</i>	<i>The date the BD acknowledged the UBWs, and whether it had issued warning letters and/or statutory orders</i>	<i>Details of the UBWs (including the locations of the properties, the type, purpose and size of each UBW, and when they were erected)</i>	<i>The deadline for completion of the rectification works, and the actual completion date</i>	<i>The current conditions of the UBWs</i>
<i>Properties of the government officials concerned</i>				
<i>The Chief Executive</i>				
<i>The Chief Secretary for Administration</i>				
<i>The Secretary for Constitutional and Mainland Affairs</i>				
<i>The Secretary for Education</i>				
<i>The Secretary for Commerce and Economic Development</i>				

- (b) whether the BD's records on properties in which UBWs are found include the properties owned by the current Financial Secretary, the Secretary for Justice, the Secretary for the Civil Service, the Secretary for Home Affairs, the Secretary for Security, the Secretary

for Constitutional and Mainland Affairs, the Secretary for Food and Health, the Secretary for Financial Services and the Treasury, the Secretary for Labour and Welfare, the Secretary for Development, the Secretary for the Environment and the Secretary for Transport and Housing; if so, of the details;

- (c) given that in accordance with the internal guidelines on the prioritization of "actionable" UBWs (hereinafter referred as "the new enforcement policy") which came into effect on 1 April last year, the BD will issue statutory orders against confirmed "actionable" UBWs to require the owners concerned to conduct rectification works immediately, and it has also ceased issuing warning notices to "the New Commitments" which have been included as UBWs with effect from 1 April last year, as they will instead be served with removal orders under the new enforcement policy, which of the UBWs in parts (a) and (b) are "actionable" UBWs, and which of them belong to "the New Commitments";*
- (d) whether the BD has taken enforcement actions against the "actionable" UBWs (including "the New Commitments") in part (c) in accordance with the new enforcement policy; if it has, when the authorities issued the relevant statutory orders, and of the contents of such statutory orders; if not, the reasons for that; and*
- (e) whether "actionable" UBWs currently cover basements constructed without authorization; if not, whether it will consider further extending the scope of "actionable" UBWs to cover basements constructed without authorization, and include them under the list of "the New Commitments", so as to ensure the safety of the buildings concerned?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, as stated in my reply to a written question to the Legislative Council on 29 February 2012, the BD, being the department responsible for enforcement against UBWs, has all along been determined to act in accordance with the law and to be impartial to all. The BD will, as a matter of established practice, accord priority to follow up on cases of great public concern reported by members of the public or by the media involving senior government officials or celebrities with the objective of clearing

any public concerns as soon as possible. After conducting the necessary inspection and investigation, the BD will take enforcement actions against all such cases in accordance with the Buildings Ordinance and the prevailing enforcement policy on UBWs in an impartial manner. There is no special arrangement in respect of enforcement for properties owned by senior government officials or celebrities.

Since 1 April 2011, the BD has implemented a new enforcement policy against UBWs by extending the scope of actionable UBWs to cover UBWs on the exterior of buildings (except minor amenity features), including those on rooftops and podiums, as well as those in yards and lanes, irrespective of their level of risk to public safety or whether they are newly constructed. If there are confirmed actionable UBWs after inspection, the BD will, according to priority, issue statutory orders to the owners concerned, requiring them to conduct rectification works within a specified period. Where the owners have already engaged authorized persons to follow up on the rectification works, the BD will issue advisory letters to the owners, urging them to conduct the works to rectify the irregularities as soon as possible.

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

(a) to (d)

The BD keeps its records on UBWs according to property addresses rather than property owners. As such, the BD is unable to provide the information requested in the question. Besides, the BD will not comment on whether an individual person has properties under his/her name in which UBWs have been found.

(e) As an unauthorized cellar or basement is an addition to the original bulk of the parent building, it falls within the scope of actionable UBWs under the existing enforcement policy.

Complaints Relating to Mobile Phone Data Plan

9. **MR LEUNG YIU-CHUNG** (in Chinese): *President, the Guidelines for the Implementation of Fair Usage Policy for the Provision of Mobile and Fixed Broadband Services (the Guidelines) issued by the Office of the*

Telecommunications Authority (OFTA), which also covers mobile data services for mobile phones, came into effect on 13 February this year. A telecommunications service provider (service provider) announced earlier the cancellation of its unlimited data usage service plan but later revived the relevant plan, and a number of customers complained against the service provider for having allegedly misled them, causing them to renew their contracts well before the expiry date. In this connection, will the Government inform this Council:

- (a) whether it knows the respective numbers of enquiries and complaints the Consumer Council (CC) has so far received on the aforesaid trade practice which was alleged to have misled consumers; whether the CC will assist consumers in requesting the service provider to refund and rescind the contracts; if it will, of the situation; if not, the reasons for that; and*
- (b) if the OFTA has any measure in place to monitor whether service providers have complied with the guiding principles stipulated in the Guidelines and whether they have enhanced the transparency of the service terms, so as not to mislead consumers; if it has, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, in November 2011, the OFTA promulgated the mandatory Guidelines governing service providers, in the provision of mobile or fixed broadband services, should set out clearly that whether the relevant service plan is subject to the service provider's "fair usage policy" (FUP), and such information must be presented in a clear and non-misleading manner. For data service plans with the name simply promoted as "unlimited" without any qualifications, service providers shall not apply any forms of FUP to customers. The Guidelines aim to enhance the transparency of service providers in the provision of services, prevent consumers from being misled, and help consumers make informed choices.

Providing a set of common standards of policy implementation and information disclosure, the Guidelines ensure that service providers will apply FUP in a uniform manner so as to protect the interests of broadband service subscribers. The Guidelines require service providers to specify in their websites, customer service agreements and related advertising and sales

materials, and advise their customers before any contracts are concluded, whether their service plans are subject to FUP and, if so, the mechanism that triggers FUP and the forms of restrictions to be imposed. When promoting service plans, if any form of restriction or FUP is applicable but with the word "unlimited" in their names, service providers are required to set out clearly and prominently in the advertising and sales materials the qualifications.

My reply to the question is as follows:

- (a) The CC received a total of 58 complaints against a service provider which announced earlier the cancellation of its unlimited data service plan but later revived it. Upon repeated negotiations initiated by the CC, the service provider has made new arrangements. In a notice issued on 16 February 2012, the service provider announced that consumers who entered into unlimited data service contracts between 2 and 12 February 2012 but wanted to change their decisions would be allowed to rescind their new contracts. Those consumers who chose to rescind their contracts could revert to their original contracts. For customers who bought handsets under the new contracts, they could bring their handsets, undamaged, with the associated accessories and related documents in person to any of the service provider's retail stores or customer centres between 17 and 29 February 2012 to complete the necessary procedures.

The CC has individually informed the complainants of the above arrangements.

- (b) Since the implementation of the Guidelines on 13 February 2012, the OFTA has been closely monitoring the compliance of service plans offered by service providers with the requirements of the Guidelines. If it is found that the provisions of the advertising and sales materials of a service provider are not clear enough and need to be improved, the OFTA will immediately request the service provider concerned to make necessary amendments. When a customer complaint is received, the OFTA will conduct investigations into the case and take appropriate regulatory actions if any non-compliance with the Guidelines is found. In addition, to ensure that service providers have sufficient network capacity to support their "unlimited" service plans with qualifications and provide satisfactory services, the OFTA

will request service providers to provide information about their network capacity for assessment.

The Guidelines are issued under the Special Conditions of relevant licences. Failure to comply with the Guidelines means non-compliance with licence conditions. Under section 36C of the Telecommunications Ordinance (Cap. 106), the Telecommunications Authority may impose a financial penalty on licensees who fail to comply with licence conditions. The financial penalty will be up to HK\$200,000 for the first occasion, HK\$500,000 for the second occasion, and HK\$1 million for any subsequent occasions. Furthermore, under section 7M of the Ordinance, the OFTA may conduct investigations into complaints of misleading or deceptive sales conduct involving the implementation of FUP. If there is evidence that a breach of the Ordinance or licence conditions may have been committed, the OFTA will carry out investigations and impose penalties on the service provider concerned if the case is substantiated.

New Academic Building of City University of Hong Kong

10. **MR CHEUNG MAN-KWONG** (in Chinese): *President, in 2005, the Government applied to the Finance Committee of the Legislative Council for a loan of about \$600 million for the City University of Hong Kong (CityU) to construct a new academic building (the new building), which can accommodate 6 000 students, on its main campus. In this connection, will the Government inform this Council if it knows:*

- (a) *at present, the use and target groups of various floors of the new building, the respective types, subvention modes and numbers of student places of the courses conducted in the new building, as well as the vacancy position of various floors (including the number of floors which are still vacant); whether the authorities have monitored the utilization of the new building upon its completion; whether conversion of floors, change of floor use or not using some floors and leaving them vacant by the CityU are subject to the Government's approval;*

- (b) *the current number of sub-degree students attending classes at the temporary campus of the CityU at Telford Garden in Kowloon Bay; whether these students can attend classes and enjoy the facilities in the new building just like other CityU sub-degree students; if they can, when they can begin attending classes in the new building; if not, why they are not allowed to move into the new building to enjoy the reasonable and quality teaching environment and facilities; and*
- (c) *whether the CityU has reserved some floors of the new building for other uses (for example, setting up a school of veterinary medicine); if it has, of the uses of the floors concerned, and whether the Government has assessed if the CityU has contravened the conditions set by the Legislative Council in approving the loan at that time; if such an assessment has been made, the outcome?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) In 2001, the Government obtained the approval of the Legislative Council for establishing a Start-up Loan Scheme (SLS) to extend loans to non-profit-making institutions offering locally-accredited self-financing post-secondary programmes for the development of college premises or improvement of teaching facilities. In 2005, the Legislative Council approved a loan of \$599.5 million under the SLS to the CityU for constructing on its Kowloon Tong campus a building with a capacity of 6 000 students. The building is now known as "Academic 2".

Since Academic 2 was financed by the loan under SLS, it shall be used for running locally-accredited self-financing post-secondary programmes as required by the SLS. Currently, Academic 2 is mainly used by about 4 400 students of the Community College of CityU (CCCU) and up to 1 600 students studying full-time self-financing degree programmes of the CityU. As long as Academic 2 is used for the intended purpose, it is up to the CityU to decide on the use of individual floors (such as library, canteen or classroom, and so on) according to its needs.

According to the information provided by the CityU, Academic 2 has a total floor area of 20 900 sq m. All floors are either in use or being fitted out, and none of them is left vacant. The following table sets out the use of each floor:

<i>Floor</i>	<i>Net operating floor area (sq m)</i>	<i>Primary use</i>
LG2	50	Plant room/ancillary facilities
LG1	290	Plant room/ancillary facilities
G/F	1 860 (Fitting-out works in progress)	Student activity rooms (including dancing room, music room, study room, multi-purpose room, and so on)
		Japanese culture classroom
		Computer classroom (150 seats)
		Staff room
		Security control room
1/F	2 500	17 classrooms (30 to 80 seats)
		4 lecture theatres (100 to 200 seats)
2/F	2 700	26 classrooms (30 to 80 seats)
		4 lecture theatres (100 to 200 seats)
3/F	3 400	2 classrooms (30 to 80 seats)
		3 lecture theatres (100 to 200 seats)
		Student canteen (800 seats)
4/F	3 600 (Fitting-out works in progress)	Staff room
		10 computer classrooms (30 to 60 seats)
5/F	3 150	Staff room
		11 computer classrooms (30 to 60 seats)
6/F	3 350	Staff room
		4 student activity and multi-purpose rooms (170 to 220 seats)
		Teaching cafe

- (b) At present, the CCCU has about 6 000 students, of which some 1 600 attend classes at the Telford Annex campus in Kowloon Bay. According to the CityU, since its UGC-funded senior year undergraduate places will be gradually increased starting from the 2012-2013 academic year (about 1 250 additional places will be provided by 2014-2015), it has to control the total number of students at its Kowloon Tong campus to avoid overcrowding and to

ensure a quality and safe learning environment for its students. In this connection, the CityU has arranged for about 4 400 CCCU students and up to 1 600 CityU students of full-time self-financing degree programmes currently attending classes at the Kowloon Tong campus to move into Academic 2 for classes. Meanwhile, the CityU has allocated nearly \$35 million to improve the teaching environment and facilities of the Kowloon Bay Telford Annex campus and will continue to ensure a quality learning environment for the remaining some 1 600 students attending classes there. In addition, the CCCU students, whether attending classes at Kowloon Tong or Kowloon Bay, enjoy the same status as other CityU students and have access to all campus facilities — libraries, the Sports Complex, learning and IT resources, university services.

- (c) As mentioned in part (a), all floors of Academic 2 are either in use or being fitted out, and none of them is left vacant or reserved for other uses. Regarding the establishment of a school of veterinary science and the provision of degree programmes in veterinary science, the CityU has stated that the use of Academic 2 does not include the provision of such programmes. Under the current arrangement, if the CityU wishes to make use of Academic 2 to set up a school of veterinary science or run programmes in that discipline, it must obtain the approval of the Education Bureau.

Funding Policy of UGC

11. **MR CHEUNG KWOK-CHE** (in Chinese): *President, a number of social work teachers in the universities have earlier relayed to me coincidentally that there were news in the academia that the University Grants Committee (UGC) has amended its funding model for the institutions from the 2011-2012 academic year onward, as well as reduced the funding amounts, which resulted in some UGC-funded programmes not being fully funded. Those teachers worry that the funding for teaching activities of the UGC-funded institutions (institutions) will be tightened, which will in turn affect students' learning as well as the number, remunerations and quality of teaching of teachers. In this connection, will the Government inform this Council if it knows:*

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- (a) *whether the UGC has discussed any change in funding model since 2008; if it has, the changes; whether any plan to adjust the funding model is under discussion at present; if so, the details;*
- (b) *whether the UGC will, after granting the funds, monitor if the institutions have put the funds to effective use and formulated relevant indicators (including the courses offered, the numbers of student intake and teacher-student ratio of the courses, and so on); if it will, whether it has any plan to amend such indicators within the next five years; if not, the reasons for that;*
- (c) *following the approval granted by the Finance Committee of the Legislative Council in 2009 for the funding proposal on institutions for the 2009-2010 to 2011-2012 triennium, whether the UGC has eventually reduced the funding for the institutions for the 2011-2012 academic year; if it has, the reasons for that; the respective amounts and percentages of reduction regarding the various institutions as compared to those of the previous academic year; how it ensures that the funding for the institutions will not be tightened because of the reduction in grants, which will affect students' learning as well as the number, remunerations and quality of teaching of teachers;*
- (d) *given that quite a number of institutions offer self-financing programmes, the accounts of which are kept separately, whether the UGC monitors if the institutions utilize the full amounts of their funding on the funded programmes; if it does, the monitoring mechanism; if not, the reasons for that; whether the institutions are allowed to utilize part of such funding on other purposes which may result in the funded programmes not receiving the full amounts of funding and the institutions having to look for extra resources for supplementary funding (including raising students' fees or offering self-financing programmes); how it ensures that the funded programmes maintain the quality of teaching and research under such circumstances;*
- (e) *how the UGC ensures that the social work programmes (in terms of teacher qualifications, teaching hours, practicum hours and student performance) offered by the institutions can train graduates who*

reach the standard of registered social workers verified by the Social Workers Registration Board;

- (f) the criteria and formula adopted by the UGC in determining the costs of the academic programmes and their weightings when it calculates the funding for various institutions;*
- (g) given that the authorities have pointed out in the paper for the meeting of the Finance Committee of the Legislative Council held on 13 January 2012 that, in determining the resources required by various institutions, the "relative cost weightings" of the "taught programmes" and "research programmes" under "social sciences" were both set at 1.0, whether this weighting has been changed as compared to that in the previous triennium; if it has, the reasons for that and the impact on the funding amounts for various institutions; whether the UGC has assessed the effectiveness of various institutions in utilizing the funding on teaching; and*
- (h) given that the paper mentioned in part (g) indicated that "some subjects are more expensive than the others because they require special equipment, laboratory or more staff time", while the subject of social work which is categorized under social sciences similarly requires laboratory to train skills and, according to the criteria and standards of the Social Workers Registration Board, each student has to conduct a minimum of 800 hours' placement under the supervision of a fieldwork supervisor, why the weighting of the social work subject is set at 1.0 instead of 1.4 under the group with higher cost?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) The UGC usually conducts academic planning and recurrent grants assessment with its funded institutions on a triennial basis. The UGC basically adopts the funding methodology developed in 1994 for the assessment of recurrent grants required by the institutions. Improvements are made to the methodology from time to time.

(b) and (d)

The UGC Notes on Procedures specifies that institutions have autonomy in areas such as internal resource allocation and control of curricula and academic standards. The block grant system provides for a one-line allocation of resources without attaching detailed requirements as to how it should be spent. The allocation of the block grant between academic departments, divisions, or faculties, or between academic and administrative areas, is entirely an internal matter of the institutions. Once allocations are approved, institutions have freedom and responsibility to determine the best use of their resources.

While respecting institutional autonomy, the UGC adopts an accountable and transparent approach in ensuring value for money in respect of public funds entrusted to the institutions. The UGC Notes on Procedures specifies that grants from the UGC to the institutions must be used within the ambit of "UGC-fundable activities". The institutions are required to submit to the UGC an audited annual return after the financial year end to report on the use of UGC funds. In addition, Heads of Institutions are requested to submit a Certificate of Accountability to the UGC every year to confirm that public funds allocated via the UGC have been spent in accordance with the rules and guidelines agreed by the institutions and the UGC.

Institutions are required to separate the accounts for publicly-funded and self-financing programmes. They are not allowed to cross-subsidize self-financing activities with public funds. Furthermore, on the premise that institutional autonomy is fully respected, the Financial Affairs Working Group under the UGC works with the institutions to help ensure their continuing good financial governance and sound financial planning.

Institutions must ensure the quality of all programmes they offer, including both publicly-funded and self-financing ones, by means of their internal quality assurance mechanisms. In addition, the Quality Assurance Council under the UGC conducts quality audits on the institutions' undergraduate and postgraduate degree

programmes (irrespective of whether they are UGC-funded) with a view to examining all aspects of the institutions' activities which contribute to student learning quality, so as to ensure the quality of such programmes.

- (c) In line with the established arrangement, the funding for institutions for the 2009-2012 triennium, which has been agreed by the UGC and the Government and approved by the Finance Committee of the Legislative Council, has not been adjusted, except for adjustments to take into account factors such as civil service pay adjustments during the triennium, or additional allocation arising from new initiatives.

- (e) The institutions enjoy autonomy in determining their academic portfolios and offerings, as well as setting academic standards. The UGC will not intervene in these areas. Regarding social work programmes, according to the institutions concerned, they follow the relevant assessment standards of the Social Workers Registration Board when determining course portfolios, teaching/practicum hours and graduation requirements, and so on, and follow up and review the programmes with the Board from time to time in order to ensure that their quality meets the registration requirements of the Board.

(f) to (h)

The UGC calculates the teaching element of the block grant based on the number of places, levels of study (that is, sub-degree, undergraduate, taught postgraduate and research postgraduate), modes of study (that is, part-time and full-time), disciplines of study and the relevant costs, and so on. Some subjects are more costly because they require special equipment, laboratory, and so on. In consultation with the institutions, the UGC has put relative cost weightings by broad academic programme categories into three price groups since the 2005-2008 triennium, namely, "medicine and dentistry", "engineering and laboratory based studies" and "others" (for example, law, social sciences, business and management studies, architecture and town planning).

Regarding funding for social work programmes, such programmes are now grouped under "social sciences", and the relative cost

weightings of the relevant teaching and research programmes are 1.0, which is the same as some other professional programmes such as law, architecture and town planning, and education. In determining the relative cost weightings of different academic programme categories, the UGC had carefully considered their requirements and costs, such as the need to procure expensive equipment for training purposes.

Shop Tenants Operating in Shopping Malls Under The Link Management Limited

12. **MR LAU KONG-WAH** (in Chinese): *President, it has been reported that since The Link Management Limited (The Link) took over the management of the shopping malls under the Hong Kong Housing Authority (HA) in 2005, the shop rents have been on the increase. Quite a number of shop tenants were forced to close their businesses or move because they could not withstand the pressure of rental increase, and even the HA's estate offices which used to rent premises in The Link's shopping malls had to move elsewhere as a result of the exorbitant rents. In this connection, will the Government inform this Council whether it knows:*

- (a) *the overall rate of rental increases imposed on the shop tenants operating in the shopping malls under The Link last year, together with a breakdown by type of tenant; the details of the shop tenants paying the highest rate of rental increase, and the justification for such an increase;*
- (b) *the respective numbers and types of shop tenants operating in the shopping malls under The Link which had closed down or moved because rental increases were imposed on them upon renewal of leases in each of the past three years; if The Link does not have any statistics in this respect, the reasons for that; and*
- (c) *given that the shopping malls under The Link are mainly located in public housing estates where the grassroots reside and the businesses operated by the shop tenants there are mostly related to people's daily necessities and the rental increases imposed by The Link will directly add to the operating costs of its shop tenants, the*

measures put in place by the Government to safeguard the livelihood of the grassroots from being affected by the rising goods prices resulting from the rental increases imposed on the shop tenants?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the HA divested its 180 commercial and car-parking facilities through the listing of The Link Real Estate Investment Trust (The Link REIT) in November 2005. The Link REIT is a private entity which is entirely independent of the Government and the HA, and the management of its properties is solely the responsibility of The Link. The Government and the HA cannot and will not intervene in the daily operation and business management of The Link.

Before responding to the Member's question, I need to clarify that there is no relationship between the arrangement of relocating estate offices from The Link REIT's properties to other places by the Housing Department (HD) and the rental adjustment of The Link REIT on its commercial facilities. Under normal circumstances, the HD will set up estates offices within the respective public housing estates to facilitate management. Hence, when there are venues within the HA's properties in public housing estates that are suitable for use as estate offices, the HD will relocate the respective estate offices from The Link REIT's properties to these venues accordingly.

For the first two parts of the question, they relate to the rental information of the shopping centres managed by The Link. As mentioned above, The Link REIT is a private entity, and it is entirely independent of the Government and the HA. The daily operation and management of the properties of The Link REIT is taken up by The Link, neither the Government nor the HA has any involvement. Hence, the Government and the HA do not have any information as requested in the question. However, in view of the Member's concern, we have related the first two parts of the question to The Link and it has provided the following for Member's information.

(a) and (b)

According to the information provided by The Link (as of the first six months of the financial year of 2011-2012), rental increase for The Link REIT's properties portfolio has averaged at about 7% per annum, while overall occupancy rate is about 92%. The tenancy

renewal rate of The Link REIT's properties portfolio is 79.3%, which is higher than that of 71.4% and 74.1% respectively in the past two financial years. The Link has indicated that when determining the rental with respective tenants, it would take into account such factors as the location and popularity of the respective shopping centres and the shops, the respective trades and the market rental of similar shops, and so on.

Regarding the third part of the question:

- (c) As an independent private entity operating on commercial principles, like other private entities, The Link REIT indicated that they will have to make appropriate response to the economic and market situation in order to maintain its viability in the market. Given the fact that most of The Link REIT's commercial facilities are located in public housing estates and its clientele is mainly public housing residents, the commercial facilities of The Link REIT are therefore required to cater for residents' needs and affordability. The management of The Link had indicated previously at the Legislative Council that they understood The Link REIT would need to serve the residents of public housing estates. Hence, when determining the rental, they would take into account the business performance of the retailers and the market trend so as to try to maintain the rental at an affordable level. Moreover, they would consider the circumstances of individual cases. The Link indicated that they will maintain its dialogue with shop tenants and public housing residents, and will provide the residents with the services that can cater for their needs.

We will also continue to reflect to The Link the views and concerns that we receive from members of the public, public housing residents and retailers, and will encourage The Link to continue to actively communicate with the stakeholders, so as to better understand their views and concerns.

Transport Networks of East Kowloon

13. **MR WONG KWOK-KIN** (in Chinese): *President, the authorities are carrying out works at the area between Anderson Road and Sau Mau Ping Road*

in Kwun Tong (North) to form about 20 hectares of building platforms for development of public housing as well as other government, institution or community facilities (the Development Area), and the works are expected to be completed by around 2014. At present, residents in Kwun Tong (North) mainly rely on two major trunk roads (that is, Clear Water Bay Road for westbound traffic and Tseung Kwan O Road for eastbound traffic) or pass through Kwun Tong town centre for access to other districts. In this connection, will the Government inform this Council:

- (a) of the respective reserve capacities of the relevant road junctions (including the junctions of Sau Mau Ping Road/Tseung Kwan O Road, Tseung Kwan O Road/Lei Yue Mun Road, New Clear Water Bay Road/Clear Water Bay Road and Hong Ning Road/Kwun Tong Road, and so on) in Kwun Tong (North) in the past three years;*
- (b) whether the authorities have assessed the traffic flows of the roads in the Development Area and the road junctions in part (a); if they have, of the details; if not, the reasons for that; and*
- (c) apart from constructing the Central Kowloon Route, whether the authorities have rolled out any new road planning for the Development Area so as to alleviate the additional traffic pressure on Kwun Tong (North)?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, in planning the public housing development at Anderson Road, the Administration has considered ways to provide suitable traffic facilities to meet the traffic demand brought about by the development. Relevant measures include constructing a new road to link New Clear Water Bay Road and Po Lam Road, as well as providing facilities such as open-air bus terminus, public light bus stands and taxi stands.

Furthermore, the Civil Engineering and Development Department has carried out improvement and widening works at the following major junctions in Kwun Tong North:

- (i) Sau Mau Ping Road/Shun On Road;

- (ii) New Clear Water Bay Road/Lee On Road;
- (iii) Clear Water Bay Road/Anderson Road;
- (iv) Sau Mau Ping Road/Sau Ming Road;
- (v) Hip Wo Street/Hong Ning Road; and
- (vi) Po Lam Road/Anderson Road.

The improvement and widening works at junctions (i) and (ii) above have already been completed in 2010 and 2011 respectively. The remaining works are expected to be completed in 2013. Apart from the junction improvement and widening works mentioned above, the Transport Department is considering expanding the section of south-bound lane of Sau Mau Ping Road right turning onto west-bound Tseung Kwan O Road from one lane into two lanes, so as to increase the traffic capacity there.

Upon completion of the abovementioned traffic improvement measures, it is expected that in 2016, the major relevant roads in Kwun Tong North will be able to cope with the additional traffic flow arising from the public housing development at Anderson Road. The estimated reserve capacities of the relevant junctions in 2016 are at Annex. The Administration does not have information on the respective traffic flows or reserve capacities of the several junctions mentioned in part (a) of the question for the past three years.

Annex

Estimated reserve capacities of
some major junctions in Kwun Tong North in 2016
upon completion of improvement and widening works

<i>Junction</i>	<i>Morning peak reserve capacity* (%)</i>	<i>Afternoon peak reserve capacity* (%)</i>
Clear Water Bay Road/Anderson Road	21	99
New Clear Water Bay Road/Lee On Road	43	35
Sau Mau Ping Road/Sau Ming Road	9	32

<i>Junction</i>	<i>Morning peak reserve capacity* (%)</i>	<i>Afternoon peak reserve capacity* (%)</i>
Hip Wo Street/Hong Ning Road	8	26
Po Lam Road/Anderson Road	75	34
Sau Mau Ping Road/Shun On Road	16	25

Note:

- * A positive reserve capacity figure means normal traffic flow, while "0" or a negative figure indicates traffic congestion.

Safety of Road Tunnels

14. **MR IP WAI-MING** (in Chinese): *President, a Number 3 alarm fire which was caused by repair works on underground water mains broke out inside the Lion Rock Tunnel (LRT) on 8 March this year. The incident has not just necessitated a two-week closure of LRT for emergency repairs, but has also aroused public concern about issues of safety and means of escape in respect of the tunnels built in early days. In this connection, will the Government inform this Council:*

- (a) *whether the authorities have drawn up and updated the measures and equipment for safety management, emergency contingency plans for incidents inside tunnel tubes, and conducted regular training and drills for the road tunnels and cross-harbour tunnels built in different periods in Hong Kong; if they have, of the details; if not, the reasons for that;*
- (b) *whether the drencher system installed inside the tubes of LRT was activated when the aforesaid fire broke out; if not, of the reasons for that; whether the drenchers functioned normally whenever a fire broke out or a drill was conducted inside the tubes of LRT in the past three years; if not, of the number of failures and the details;*
- (c) *whether it knows, apart from LRT, if the design of at-grade vehicular traffic with underground piping for public utilities is currently adopted for any road tunnel, cross-harbour tunnel or rail tunnel in Hong Kong; if so, the details of the tunnels concerned and the public utilities for which piping has been laid; how the authorities ensure*

the industrial safety of the workers who carry out repairs and maintenance for the tunnels and such underground facilities (including whether they will brief the workers on the escape facilities before commencement of the works); and

- (d) *whether it knows, in addition to LRT, which tunnels in Hong Kong are not equipped with escape doors or tubes, and rely only on tunnel exists as emergency exits; whether the authorities have considered adding a pedestrian escape tube inside LRT and such tunnels in order to ensure the safety of tunnel users and other people concerned; if they have, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, at about 3.30 am on 8 March 2012, a fire broke out when a works contractor of the Water Supplies Department was carrying out water mains replacement and rehabilitation (R&R) works inside an underground utility chamber underneath the south-bound tube of the LRT. All workers carrying out the R&R works immediately followed the site emergency procedures and evacuated safely. No one was injured. The fire was put out at around noon that day and the Fire Services Department (FSD) is investigating the cause of the incident.

As a result of the fire, the south-bound tube of LRT was once completely closed. The Transport Department (TD) activated the contingency measures immediately and implemented emergency traffic arrangements with relevant departments, the LRT operator and public transport operators to maintain smooth traffic between Sha Tin and Kowloon as far as possible. The fast lane of the south-bound tube of LRT was re-opened to traffic at 6 am on 12 March 2012 after round-the-clock emergency repair works by the Highways Department (HyD), and the slow lane also resumed normal operation at 6 am on 19 March after days of 24-hour expedited repair works by the HyD. During the period when the repair works were carried out, the traffic at LRT was slightly more congested than usual but generally remained normal.

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

- (a) All road tunnels and cross-harbour tunnels in Hong Kong are equipped with facilities that meet safety standards, including fire

service installations and equipment (FSI) required by the FSD such as fire hydrant/hose reel systems, portable fire extinguishers, smoke extraction systems and emergency lighting systems. The FSI requirements are formulated by the FSD according to relevant legislation as well as the conditions of individual road tunnels and actual operational needs. Every tunnel operator is required under the law to engage a registered fire service installation contractor to conduct annual inspection on FSI to ensure their compliance with relevant standards and legal requirements.

In addition, the FSD, the TD and all tunnel operators have drawn up contingency plans for handling emergency incidents including fires. In handling a tunnel incident, the TD is responsible for co-ordinating emergency traffic and public transport arrangements and disseminating relevant information on a real time basis. On average, individual tunnel operators will conduct fire drills every six months jointly with relevant departments, including the TD, the FSD and the Police to test the effectiveness of the contingency plans and functionality of FSI. Such drills ensure the efficient and prompt execution of the contingency plans in case of tunnel emergencies. Relevant government departments will also review from time to time the contingency measures with the tunnel operators and make adjustments when necessary.

- (b) The south-bound and north-bound tubes of LRT are each installed with 11 drenchers, which are used primarily for isolating the fire and preventing it from spreading inside the tunnel tubes. The fire that occurred inside LRT on 8 March 2012 originated from an underground utility chamber below the tunnel tube rather than from the tunnel tube itself. As advised by the on-scene the FSD officers, the LRT operator did not actuate the drenchers as the water sprayed from the drenchers could not check the spread of the underground fire.

In the past three years, only one fire incident occurred inside the tunnel tubes of LRT, during which the drenchers were actuated to prevent the spread of the fire. At every fire drill conducted in these

three years, the tunnel operator actuated and tested the drenchers and all of them functioned normally during the tests.

- (c) Each of the two tunnel tubes of LRT is equipped with utility chambers underneath. Two water mains each with a diameter of 1.2 m and one with a diameter of 1.4 m are laid inside the utility chambers below the Kowloon-bound (that is, south-bound) tube, whereas two water mains each with a diameter of 1.5 m are laid inside the utility chambers below the Sha Tin-bound (that is, north-bound) tube. Apart from LRT, only the Tseung Kwan O Tunnel (TKOT) and the Cross-Harbour Tunnel (CHT) have utility chambers running underneath the tunnel tubes. There are one water mains and one town gas pipe running underneath the tunnel tube of TKOT. The utility chamber housing the town gas pipe is a standalone one completely separated from the tunnel tube above with a monitoring system installed to ensure safety. As for CHT, telecommunications and power cables are laid inside the utility chambers underneath the tunnel tubes.

As stipulated in the occupational safety and health legislation, employers, including contractors engaging in repair and maintenance (R&M) works of road tunnels and their underground facilities, have to adopt adequate measures to ensure work safety and health of their workers. Such measures include providing a safe system of work and devising emergency plans.

To ensure that the workers of the works department/utility companies and contractors engaging in tunnel R&M works are fully aware of the means of escape and safety facilities inside the tunnels and their underground utility chambers before making an entry, the tunnel operators will explain to the safety officers of the contractors on the safety matters that workers should be aware of when carrying out works inside the tunnel tubes, including the means of escape and other safety facilities. Before each entry into the tunnel tubes, R&M workers have to provide their contact numbers to the tunnel operator for communication between tunnel staff and the workers in case of emergency. Furthermore, to ensure safety of the workers and tunnel users, all R&M works inside the tunnel tubes (and the

underground utility chambers) will be conducted only when the tunnels are completely closed (except the town gas pipe utility chamber underneath TKOT as workers can enter the utility chamber directly to carry out R&M works via an access outside the tunnel tube without affecting the operation of the tunnel).

Apart from the above measures, R&M works inside the utility chambers underneath the tunnel tubes are classified as works in confined spaces, which shall be governed stringently by the Factories and Industrial Undertakings (Confined Spaces) Regulation. The Regulation requires, among other things, that a risk assessment should be carried out by a competent person to ensure safety at the works site before entry into a confined space. Contractors of the works department/utility companies are required to take all necessary safety precautions in accordance with the recommendations of the risk assessment report, such as providing in a satisfactory condition a sufficient supply of equipment for rescue and safety protection, and emergency escape, before issuing certificates to the workers for allowing their entry into the underground chambers to carry out the R&M works. All workers entering the confined spaces must be certified workers holding valid certificates. Also, workers conducting the R&M works at underground utility chambers have to follow the safety guidelines compiled by the TD and tunnel operators as well as relevant safety legislation to ensure their safety at work.

- (d) Except LRT, all other tunnels in Hong Kong are equipped with emergency escape accesses (EEAs) between the two tunnel tubes. In case of emergency, tunnel users may travel from the tube where the incident takes place to the other tube via EEAs and leave the tunnel. The two tubes of LRT were constructed at different times. EEAs connecting the two tubes were not built as the first tube had already been open to traffic when the second one was constructed.

As mentioned in the reply to part (a) above, LRT is now equipped with FSI that comply with relevant legislation and the FSD's requirements, and the FSD, the TD and tunnel operators have drawn up contingency plans and will conduct emergency and fire drills regularly. Therefore, the existing FSI and safety measures of LRT

are able to effectively facilitate the safe and timely escape of tunnel users and workers in case of emergency. In fact, the contingency plans functioned effectively during the fire incident that occurred inside LRT on 8 March 2012. All workers carrying out water mains rehabilitation works inside the underground utility chambers followed the emergency procedures and evacuated safely. No one was injured.

If EEAs were to be built to connect the two existing tunnel tubes of LRT, one of the tubes will have to be closed to make room for the works site. Prolonged tube closure will be necessary during the works, which will seriously affect the traffic between Kowloon and the New Territories East.

Supply of and Demand for Radiographers

15. **DR JOSEPH LEE** (in Chinese): *President, according to the latest statistics released by the Hong Kong Cancer Registry of the Hospital Authority (HA), the number of cancer patients in 2009 has increased by about 22% as compared to that in 2000. It is learnt that 90% of the cancer patients receive chemotherapy and electrotherapy in public hospitals, but the worsening turnover of radiographers in the HA in recent years had rendered the HA unable to meet its performance pledge of providing cancer patients with electrotherapy within four weeks upon confirmation of their cases. In this connection, will the Government inform this Council if it knows:*

- (a) *the numbers of radiographers (including diagnostic radiographers and radiation therapists) needed under the HA's establishment in each of the past three years, and how such numbers compare with the actual numbers, with a breakdown by the hospital to which they belong and their rank;*
- (b) *the respective numbers of diagnostic radiographers and radiation therapists who resigned, retired and were newly recruited in each of the past three years; and whether the HA could fill all such vacancies; if not, the reasons for that;*

- (c) *whether the HA has assessed if the existing manpower of diagnostic radiographers and radiation therapists is sufficient to cope with the service demand, so as to meet its performance pledge of providing patients with electrotherapy within four weeks upon confirmation of their cases; if it has, the details; if not, whether it will consider conducting such an assessment; and*
- (d) *whether the HA has conducted any planning for the supply of and demand for diagnostic radiographers and radiation therapists in the next five years; if it has, the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the HA has always endeavoured to ensure the quality and efficiency of its radiological services. In recent years, the manpower situation of Radiation Therapists has remained relatively stable while there have been a comparatively greater number of vacancies and a higher turnover rate in respect of Radiographers. The HA has implemented various measures, including introduction of a special honorarium scheme and employment of part-time staff to alleviate the shortage of Radiographers. The HA has also enhanced its overseas recruitment and overseas training sponsorship scheme with a view to increasing the manpower supply of Radiographers.

Under the Radiographers (Registration and Disciplinary Procedure) Regulation (Cap. 359H), Radiographers and Radiation Therapists must first register with the Radiographers Board (the Board) before they can practise in Hong Kong. Apart from local graduates, Radiographers and Radiation Therapists trained overseas with qualifications meeting the registration requirements can also practise in Hong Kong after they have registered with the Board. In the past two years, the HA recruited more than 20 Radiographers from overseas. In 2012, the HA will continue recruit additional local and overseas-trained Radiographers to cope with the manpower demand.

- (a) In the past three years, the total numbers of Radiographers in the HA are 731, 734 and 747 respectively. A breakdown of the manpower of Radiographers by rank in the HA hospital clusters is set out below:

<i>Hospital Cluster</i>	<i>Rank</i>	<i>2009-2010</i>	<i>2010-2011</i>	<i>2011-2012 (As at the end of December)</i>
Hong Kong East Cluster	Senior Radiographer	5	6	6
	Radiographer I	46	46	51
	Radiographer II	33	35	32
Total		84	87	89
Hong Kong West Cluster	Senior Radiographer	6	6	7
	Radiographer I	63	62	64
	Radiographer II	26	26	24
Total		95	94	95
Kowloon Central Cluster	Senior Radiographer	6	6	7
	Radiographer I	50	60	65
	Radiographer II	36	33	25
Total		92	99	97
Kowloon East Cluster	Senior Radiographer	4	5	5
	Radiographer I	40	40	45
	Radiographer II	37	37	31
Total		81	82	81
Kowloon West Cluster	Senior Radiographer	9	9	10
	Radiographer I	93	95	96
	Radiographer II	64	64	64
Total		166	168	170
New Territories East Cluster	Senior Radiographer	17	17	17
	Radiographer I	68	66	71
	Radiographer II	45	40	39
Total		130	123	127
New Territories West Cluster	Senior Radiographer	5	7	7
	Radiographer I	49	51	57
	Radiographer II	29	23	24
Total		83	81	88

In the past three years, the total numbers of Radiation Therapists in the HA are 166, 172 and 180 respectively. A breakdown of the manpower of Radiation Therapists by rank in the HA hospital clusters is set out below:

<i>Hospital Cluster</i>	<i>Rank</i>	<i>2009-2010</i>	<i>2010-2011</i>	<i>2011-2012 (As at the end of December)</i>
Hong Kong East Cluster	Senior Radiation Therapist	4	4	5
	Radiation Therapist I	9	9	9
	Radiation Therapist II	7	7	8
Total		20	20	22

<i>Hospital Cluster</i>	<i>Rank</i>	<i>2009-2010</i>	<i>2010-2011</i>	<i>2011-2012 (As at the end of December)</i>
Hong Kong West Cluster	Senior Radiation Therapist	3	3	3
	Radiation Therapist I	13	12	13
	Radiation Therapist II	9	9	10
Total		25	24	26
Kowloon Central Cluster	Senior Radiation Therapist	5	5	7
	Radiation Therapist I	22	22	21
	Radiation Therapist II	13	13	13
Total		40	40	41
Kowloon West Cluster	Senior Radiation Therapist	3	3	4
	Radiation Therapist I	12	13	13
	Radiation Therapist II	12	14	14
Total		27	30	31
New Territories East Cluster	Senior Radiation Therapist	4	5	5
	Radiation Therapist I	14	14	14
	Radiation Therapist II	12	16	17
Total		30	35	36
New Territories West Cluster	Senior Radiation Therapist	3	2	2
	Radiation Therapist I	14	14	15
	Radiation Therapist II	7	7	7
Total		24	23	24

Note:

No radiotherapy service is provided in the Kowloon East Cluster.

- (b) In the past three years, the numbers of Radiographers who left and retired from the HA and those joined the HA as new recruits are as follows:

		<i>2009-2010</i>	<i>2010-2011</i>	<i>2011-2012 (As at the end of December)</i>
Radiographer	Number of Radiographers who left the HA (excluding those who retired)	6	30	27
	Number of Radiographers who retired from the HA	1	1	2
	Number of newly-recruited Radiographers	28	34	38

There are currently about 50 vacancies of Radiographers in the HA. In 2012-2013, the HA plans to continue to recruit Radiographers both locally and from overseas in an effort to fill these vacancies and ensure that there is an adequate supply of manpower.

- (c) The HA's service performance pledge is to allow 80% of patients to receive radical radiotherapy four weeks from decision to treat. In 2011, more than 90% of the patients commenced their radical radiotherapy four weeks from decision to treat. In 2012, the HA will continue to closely monitor the demand of radiotherapy services and make appropriate arrangements in manpower planning and deployment in order to meet its service performance pledge.

- (d) The Food and Health Bureau assesses the manpower requirements for healthcare professionals including nurses and allied health professionals according to the triennial planning cycle of the University Grants Committee (UGC), and advises the UGC on the corresponding requirements for publicly-funded places to facilitate academic planning by tertiary institutions. In making long-term manpower projections, we will take into account the anticipated manpower requirements of major healthcare providers having regard to, among other things, the wastage trends of different healthcare professions, the ageing rate of the population and changes in demographic profiles, and the community's need for services in particular areas, and so on. We will also take into consideration the implications on healthcare manpower arising from changes in healthcare services delivery models and related policies such as development of primary care and private hospitals and the introduction of a Health Protection Scheme. For the triennial cycle starting from 2012, the Government will allocate an additional \$200 million to increase the number of first-year first-degree places in medicine by 100, nursing by 40 and allied health professions by 146. The additional training places for allied health professions include those for Radiographers, which will be increased from 48 places in 2011-2012 to 98 places in 2012-2013.

Based on the outcome of the Second Stage Public Consultation on Healthcare Reform, the Government has set up a high-level steering committee to conduct a strategic review on healthcare manpower planning and professional development in Hong Kong. The review covers healthcare professionals from 13 disciplines which are subject to statutory regulation, including registered Radiographers covered under the Supplementary Medical Professions Ordinance. Chaired by the Secretary for Food and Health, the Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development will assess manpower needs in the various healthcare professions and put forward recommendations on how to cope with anticipated demand for healthcare manpower, strengthen professional training and facilitate professional development having regard to the findings of the strategic review, with a view to ensuring the healthy and sustainable development of Hong Kong's healthcare system.

Provision of Medical Services to Non-eligible Persons

16. **MR CHAN KIN-POR** (in Chinese): *President, at present, the public charges for public healthcare services in Hong Kong are divided into two categories based on Eligible Persons and Non-eligible Persons (NEPs). As the local public healthcare system mainly serves Hong Kong residents, it is currently stipulated that only holders of Hong Kong Identity Cards or children under 11 years of age who are Hong Kong residents are entitled to use healthcare services at heavily government-subsidized rates. NEPs (including Mainland residents) receiving public healthcare services are required to pay for service charges which are determined on a cost-recovery basis. According to the 2012-13 Budget, in public hospitals, the cost per accident and emergency (A&E) attendance is about \$930 and the cost per specialist outpatient attendance is about \$1,090, and the cost per patient day for general inpatient services is about \$4,250. However, at present, the Hospital Authority (HA) only charges NEPs \$570 per attendance, \$700 per attendance, and \$3,300 per day respectively for A&E services, specialist outpatient services and general inpatient services received in public hospitals, which are much lower than their service costs. In 2010-2011, the respective numbers of attendance of NEPs for A&E services and*

specialist outpatient services in public hospitals were 25 161 and 32 678, while the number of bed days for general inpatient services in public hospitals received by NEPs was 49 316. On the basis of the aforesaid differences, the annual amount of subsidy on these three kinds of public hospital services for NEPs paid by the Government is nearly \$70 million, or \$700 million if calculated on a 10-year basis. The service charges paid by NEPs were last adjusted in 2003 and local taxpayers have in effect been subsidizing NEPs heavily over the years in receiving public healthcare services in Hong Kong. In this connection, will the Government inform this Council:

- (a) of the aggregate amount of subsidies paid by local taxpayers for NEPs receiving public healthcare services in each of the past 10 years;*
- (b) given that while it is clearly shown in the government budget every year that the annual cost of services of public hospitals has been rising, public hospitals are required to collect charges in accordance with the List of Charges published in the Gazette and it has been nearly 10 years since the charges for NEPs were last published in the Gazette, of the reasons why so far such charges have not been updated to comply with the principle of cost recovery; whether the authorities will establish a regular mechanism to review the charges annually; and*
- (c) for the purpose of relieving the pressure on the public healthcare system in Hong Kong (including the problem of excessively long waiting time for patients), apart from recovering service costs from NEPs for using public hospital services, whether the authorities will consider introducing a quota system for certain specialist services that register a very long waiting time for patients, in a way similar to the quota system for provision of obstetric services to non-local residents, in order to ensure that Hong Kong residents can be accorded priority in receiving proper and adequate healthcare services?*

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

- (a) Public healthcare services provided by the HA are primarily targeted at Hong Kong residents. The provision of healthcare services for NEPs, including non-local residents, should be limited to a level that can be supported by our healthcare system. According to the statistical data of 2011-2012 (as at December 2011), healthcare services provided to NEPs only account for a small fraction of the total services provided by the HA, representing 0.6% of the total in-patient bed-days utilized, 1.3% of A&E attendances and 0.3% of specialist outpatient (clinical) attendances. For obstetric services, the number of deliveries by NEPs accounts for about 21% of the HA overall figure.

NEPs are provided with public healthcare services in emergency situations and they may seek non-emergency public healthcare services when there is spare service capacity. However, NEPs will need to pay the charges applicable to them. These charges are generally set on a cost recovery basis. The table below sets out the NEPs charges of the HA's major services, which were last revised in April 2003 based on the then prevailing costs of the services.

<i>Services</i>	<i>Charge for NEPs</i>
Inpatient service (General)	\$3,300 per day
Accident & Emergency service	\$570 per attendance
Specialist Outpatient service	\$700 per attendance
General Outpatient service	\$215 per attendance

The HA has also implemented a package charge for obstetric services for NEPs since 2005. The existing obstetric services package charge for NEPs is \$39,000 (for booked case) and \$48,000 (for non-booked case).

- (b) The HA will review of the cost of various public healthcare services every year. Currently, the charges of services for NEPs are mainly set on a cost recovery basis. The HA will also make reference to the market prices of the private sector in setting the charges for specific services, having regard to the individual circumstances of

these services, such as the obstetric services package charge for NEPs. The HA will report to the Food and Health Bureau from time to time the outcome of the review on the charges for public healthcare services. The Administration will consider adjusting the service charges at appropriate time.

- (c) As mentioned above, Hong Kong residents are always the primary targets of public healthcare services. Apart from emergency services, the HA will provide non-emergency services to NEPs only when there is spare service capacity. At present, healthcare services provided to NEPs only account for a small fraction of the total services provided by the HA. The HA has no plan to introduce service quota for NEPs for using other services besides obstetric services. In addition, for those NEPs who default on payment of medical fees to the HA, the HA will suspend the provision of non-emergency medical services to them before they have settled the outstanding payments.

Measures to Enhance Occupational Safety of Security Guards

17. **DR PAN PEY-CHYOU** (in Chinese): *President, a security guard was killed in an incident which occurred in Choi Yuen Estate in Sheung Shui earlier involving a person with mental illness assaulting a security guard of the estate. The incident caused quite a number of frontline security guards to worry that in the absence of adequate defensive gear and training, they might be subject to assaults anytime at work. In this connection, will the Government inform this Council:*

- (a) *whether the Labour Department (LD) had implemented relevant measures and organized activities in the past five years to increase the awareness of security guards about their personal and occupational safety at work, especially when dealing with violence and entering premises or properties to handle complaints, and so on; if it had, of the details, including the specific contents and the numbers of participants of the activities; if not, the reasons for that;*

- (b) *of the respective numbers of cases involving security guards of buildings being assaulted at work received by the Police and the LD in the past five years, as well as the casualties of security guards in such cases;*
- (c) *given that security guards have to face unexpected and even life-threatening incidents at work, whether the authorities will consider, when issuing licences to security companies engaged in Type I security work (that is, provision of security guarding services), requiring them to make available adequate defensive gear, including batons and shields, and so on, at workplaces for security guards to bring with them such gear when entering premises or properties to handle incidents and patrolling, so that they can protect themselves in case of emergency; if not, of the reasons for that;*
- (d) *whether it knows if the topic of the handling of emergencies is included in all existing basic training and courses provided to security guards or people who wish to join the trade; if it is included, of the number of hours of the relevant sessions, and whether it covers the handling of violence and crises in life-threatening situations;*
- (e) *whether it knows if the current trade test for security guards recognized by the Security and Guarding Services Industry Authority (SGSIA) assesses the applicants' ability to deal with incidents involving violence and people with mental illness, or their strategy in facing threats to their lives; if so, of the weighting for such assessment in the test; if not, whether the authorities will consider making it mandatory to include the relevant assessment contents in the test so as to conduct a thorough assessment on security guards; and*
- (f) *of the plans the authorities have in the future to enhance the occupational safety of frontline security guards, particularly in respect of their safety and response during emergencies such as incidents involving violence and people with mental illness?*

SECRETARY FOR SECURITY (in Chinese): President,

- (a) According to information provided by the LD, the Occupational Safety and Health Council (OSHC) regularly organizes a "Certificate Course on Occupational Safety and Health Knowledge for Property Management", which provides training for employees in the security and property management sectors with a view to enhancing their occupational safety knowledge, including ways to cope with violent incidents. The OSHC also offers on a regular basis the "Course on Conflict Management" to equip supervisors and staff responsible for handling conflict with the knowledge, strategy as well as skills to prevent and deal with violence.

Moreover, the OSHC published a "Safety Guidebook for Property Management" which covers the points-to-note in dealing with workplace violence and working alone. The OSHC also published a booklet on the "Prevention of Violence at Work", introducing to people who may face violence in their work the contributing factors leading to the occurrence of violent incidents, ways to handle such situations, as well as the support and training provided to staff members.

- (b) From 2007 to February 2012, there were two fatalities of security personnel due to workplace violence, one in 2009 and another in 2012. The LD does not compile a breakdown of the occupational injuries by occupation (including security personnel) and the Police do not maintain specific statistics of criminal assaults involving security personnel.
- (c) Under the Security and Guarding Services Ordinance (Cap. 460), only a company acting under a licence can supply security work. Security work is categorized into three types, namely Type I security work for provision of security guarding services, Type II security work for provision of armoured transportation services, and Type III security work for installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or

place) a security system incorporating a security device. Companies holding Type I Security Company Licences provide different types of security and guarding services in different places, including single residential buildings, commercial premises, private clubs, housing estates, shopping malls and car parks, and so on, and the equipment supplied by individual company may also vary according to the special requirements of different venues. As such, the SGSIA and the Police have all along scrutinized the equipment requirement of each company according to the nature of its security work.

(d) and (e)

In order to maintain the quality of security guarding services, company with Type I Security Company Licence must arrange training for all of its security personnel employed or arrange for all of its security personnel employed to undergo an "Initial Basic Training Course" of not less than 16 hours that has been accepted by the SGSIA under the Quality Assurance System for the Recognition Scheme (QASRS) (except when the security personnel has already undergone a training course accepted by the SGSIA in the last five years). The "Initial Basic Training Course" encompasses nine different themes, including themes on "Handling of Emergencies" and "Occupational Safety and Health", which especially explain to security personnel on how to seek assistance in case of emergency, take appropriate steps according to contingency plans to cope with different types of emergencies, and understand the potential dangers at workplaces, and so on.

QASRS also sets the proportion of questions for end-of-course assessment. Among the 50 questions on topics included in the "Initial Basic Training Course", 14 questions should cover the two themes on "Handling of Emergencies" and "Occupational Safety and Health".

(f) In order to strengthen the skills of employees in the security and property management sectors in handling violent incidents, the LD

will remind the security and property management sectors to conduct risk assessment for situations under which violence may occur in their workplaces and formulate relevant safety guidelines for their employees. They should also take into account the actual operational situation and provide employees with appropriate training and protective equipment for reducing the associated risks at work and avoiding occurrence of accidents. The OSHC will also organize seminars on the strategy and measures to prevent workplace violence in the security and property management sectors. The first seminar was held in March 2012 with over 200 participants. The OSHC will continue to organize similar seminars in the future to meet the industry's needs.

The SGSIA also holds consultative meetings with associations of security companies on a regular basis to keep them abreast of the needs and latest development of frontline security work, and to ensure that the "Initial Basic Training Course", the trade test and the conditions for issuing Security Company Licences and Security Personnel Permits reflect the requirements of the security and guarding services.

Organ Donation and Transplant

18. **DR RAYMOND HO** (in Chinese): *President, in Hong Kong, quite a number of patients with organ failure need to wait for organ transplant in order to live on. In this connection, will the Government inform this Council:*

- (a) *of the number of registrants on the Centralized Organ Donation Register (CODR) in each of the past two years;*
- (b) *whether it knows the number of patients who passed away in each of the past five years while waiting for the right organ match for transplant; and*
- (c) *whether it knows if there were Hong Kong residents seeking treatment from public hospitals in each of the past five years for*

clinical problems arising from the organ transplant operations they received in other places; if there were, the details?

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

- (a) The Department of Health launched the CODR in November 2008 to encourage the public to register their wish to donate their organs after death in the CODR. The numbers of registrations at the CODR in the past two years are as follows:

	<i>2010</i>	<i>2011</i>
Total number of registrations during the year (as at 31 December of the year)	23 896	22 610

- (b) Whether a patient dies because of lack of an organ for transplant depends on the organ needed and the availability of alternative treatment options. Given its complexity and controversy, there is no unanimous conclusion on the issue yet. For some organs including kidney and cornea, patients suffering from nephrosis can live on by receiving dialysis treatment, and lack of cornea for transplant does not directly cause death of patients. After detailed discussions among different organ transplant teams of the Hospital Authority (HA), the HA began to adopt a set of standard criteria in 2010 to calculate the number of patients who were on the organ transplant waiting list and died in the year. According to such criteria, statistics on the number of patients who died while waiting for organ transplant are as follows:

<i>Organ</i> \ <i>Year</i>	<i>2010</i>	<i>2011</i>
Liver	18	27
Heart	3	6
Lung	2	1

- (c) Regardless of whether the transplant was conducted in Hong Kong, patients who have undergone organ transplant have to receive follow-up treatment after the surgery, such as taking anti-rejection drugs on a continuous basis. The HA will provide the necessary follow-up services and continuum of care for these patients.

For kidney transplant, statistics on the number of patients who underwent kidney transplant outside Hong Kong and received follow-up care in public hospitals in each of the past five years are as follows:

<i>Year (as at 31 December)</i>	<i>Number of patients</i>
2007	1 988
2008	2 123
2009	2 211
2010	2 268
2011	2 284

Apart from those on kidney transplant, the HA does not have statistics on the annual number of Hong Kong residents who receive follow-up care in public hospitals after undergoing organ transplant operations in places outside Hong Kong. According to the information currently available to the HA, the numbers of patients who are receiving follow-up care in public hospitals and have undergone liver and heart transplant in places outside Hong Kong are 153 and five respectively.

Appointment of Government Representatives to Serve on Councils or Boards of Professional Bodies

19. **MR PAUL CHAN** (in Chinese): *President, regarding the appointment of government representatives to serve on the councils or boards of some professional bodies with a view to enhancing the transparency of their operation, will the Government inform this Council:*

- (a) *of the current number and names of professional bodies the councils or boards of which comprise appointed government representatives; the ordinances based on which the Government decides from which*

of the Policy Bureaux or government departments the representative to serve on the councils or boards of these professional bodies are to be appointed as well as on the ranks and numbers of such government representatives;

- (b) of the attendance rates of appointed government representatives at the council or board meetings of the professional bodies mentioned in part (a) in the past five years; whether the authorities have assessed their performance in the capacity as appointed government representatives; if they have, of the details; if not, the reasons for that; and*
- (c) whether it has regularly reviewed the effectiveness of the arrangement of appointing government representatives in enhancing the transparency of the operation of the professional bodies, and reviewed if such arrangement can serve other purposes; if it has, of the details and findings of the reviews; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, according to the information provided by various Bureaux, there are 16 professional bodies whose governing councils/boards comprise appointed government representatives. The Annex gives the names of the professional bodies in question, the relevant legislation where appropriate, the number of government representatives involved, their post titles and attendance rates.

According to the relevant Bureaux, generally speaking, their representatives work together with other members on the councils/boards to help guide the professional bodies in discharging the relevant statutory and other related functions. The reports provided by the representatives help the relevant Bureaux/Departments keep an overview of matters related to the development of the respective professions. The government representatives also offer advice to the professional bodies from the perspectives of government policies, thereby enabling the professional bodies to give due regard to the wide public interests in the pursuit of their functions. The tasks mentioned above form part of the daily work of the public officers concerned. Their performance is assessed through the established appraisal system.

Annex

Name of Professional Body	Relevant Ordinance	Number of Government representative(s)	Rank of Government representative(s)	Attendance (2007)			Attendance (2008)			Attendance (2009)			Attendance (2010)			Attendance (2011)		
				Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate
1. Hong Kong Institute of Certified Public Accountants	Professional Accountants Ordinance (Cap. 50)	2	Registrar of Companies	13	13	100%	13	13	100%	12	12	100%	12	11	92%	14	12	86%
				13	13	100%	12	12	100%	12	12	100%	14	13	93%			
2. Pharmacy and Poisons Board of Hong Kong	Pharmacy and Poisons Ordinance (Cap. 138)	4	Director of Health Deputy Director of Health Government Chemist Government Laboratory	4	4	100%	5	5	100%	6	6	100%	5	5	100%	5	5	100%
				4	4	100%	5	4	100% ⁽¹⁾	6	5	83%	5	4	80%	5	5	100%
3. Dental Council of Hong Kong	Dentists Registration Ordinance (Cap. 156)	2	Consultant in charge of Dental Service, Department of Health Consultant Oral Maxillofacial Surgeon (Princess Margaret Hospital OMS and DU), Department of Health	4	4	100%	5	5	100%	6	6	100%	5	5	100%	5	5	100%
				3	3	100%	4	4	100%	6	6	100%	4	4	100%	5	5	100%

Name of Professional Body	Relevant Ordinance	Number of Government representative(s)	Rank of Government representative(s)	Attendance (2007)			Attendance (2008)			Attendance (2009)			Attendance (2010)			Attendance (2011)		
				Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate
4 Midwives Council of Hong Kong	Midwives Registration Ordinance (Cap. 162)	3	Principal Nursing Officer, Public Health Nursing Division Head Office, Department of Health	4	3	75%	4	4	100%	4	4	100%	4	4	100%	4	4	100%
				4	2	50%	4	4	100%	4	4	100%	4	2	50%	4	4	100%
5 Nursing Council of Hong Kong	Nurses Registration Ordinance (Cap. 164)	2	Senior Nursing Officer (Family Health Service) NTW, Maternal and Child Health Centre, Family Health Service, Department of Health	N/A			4	4	100%	4	4	100%	4	4	100%	4	4	100%
				4	4	100%	4	4	100%	4	4	100%	4	4	100%	4	4	100%
			Chief Nursing Officer, Public Health Nursing Division Head Office, Department of Health	4	3	75%	7	6	86%	7	7	100%	7	7	100%	5	5	100%

Name of Professional Body	Relevant Ordinance	Number of Government representative(s)	Rank of Government representative(s)	Attendance (2007)			Attendance (2008)			Attendance (2009)			Attendance (2010)			Attendance (2011)		
				Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate
11 Chiropractors Council	Chiropractors Registration Ordinance (Cap. 428)	1	Assistant Director of Health (Health Administration and Planning), Department of Health	1	1	100%	3	3	100%	2	2	100%	3	3	100%	2	2	100%
12 Social Workers Registration Board	Social Workers Registration Ordinance (Cap. 505)	1	Deputy Director of Social Welfare (Services)	9	9	100%	6	5	83%	7	7	100%	7	6	86%	6	5	83%
13 Landscape Architects Registration Board	Landscape Architects Registration Ordinance (Cap. 516)	1	Principal Assistant Secretary (Works)	2	1	50%	2	2	100%	2	2	100%	3	0	0%	2	2	100%
14 Chinese Medicine Council of Hong Kong	Chinese Medicine Ordinance (Cap. 549)	3	Director of Health Deputy Director of Health Government Chemist Government Laboratory	4	4	100%	7	6	86%	4	4	100%	4	4	100%	4	4	100%
15 The Hong Kong Institute of Bankers	N/A	2	Deputy Chief Executive ⁽³⁾ , Hong Kong Monetary Authority (HKMA) Division Head (Banking Policy) ⁽⁴⁾ , HKMA/Executive Director (Banking Supervision) ⁽⁵⁾ , HKMA	1	1	100%	5	4	80%	5	4	80%	4	0	0%	5	2	40%
				6	5	83%	5	2	40%	5	1	20%	4	2	50%	5	2	40%

Name of Professional Body	Relevant Ordinance	Number of Government representative(s)	Rank of Government representative(s)	Attendance (2007)			Attendance (2008)			Attendance (2009)			Attendance (2010)			Attendance (2011)																									
				Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate	Number of meetings held	Number of meetings attended	Rate																							
16 Treasury Markets Association ⁽⁶⁾	N/A	5	Chief Executive, HKMA Deputy Chief Executive, HKMA Executive Director (Monetary Management and Infrastructure)/ Executive Director (Monetary Management) ⁽⁷⁾ , HKMA Executive Director (Financial Infrastructure) ⁽⁸⁾ , HKMA Head (Monetary Operations) ⁽⁹⁾ /Head (Financial Infrastructure) ⁽¹⁰⁾ /Head (Market Development) ⁽¹¹⁾ , HKMA	1	1	100%	1	1	100%	1	1	100%	0	N/A	1	1	100%	4	4	100%	5	5	100%	4	4	100%	3	3	75%	4	4	100%	4	4	100%	2	2	50%	4	4	100%

Notes:

- (1) The Deputy Director of Health, in her capacity as the Chairman of the Disciplinary Committee of the Pharmacy and Poisons Board, was not required to attend one of the five meetings held in 2008. As such, her attendance rate in 2008 was 100%.
- (2) The 1st Supplementary Medical Professions Council meeting was held in March 2009 before the appointment of the post-holder.
- (3) Since August 2007
- (4) Up to September 2011
- (5) Since September 2011
- (6) The number of meetings for the HKMA representatives are different because CE/MA is the Chairman of the Council and is required to attend the Council meetings only, whereas DCE/MA is a member of the Council and Chairman of the Executive Board and is required to attend meetings of both the Council and the Executive Board. ED/MA and H/MA are members of the Executive Board and therefore attend the Board meetings only.
- (7) Post re-titled in 2007
- (8) From 1 January 2008
- (9) From 3 January 2006 to 31 December 2007
- (10) From 17 March 2008 to 1 March 2009
- (11) From 2 March 2009

Area Improvement Plan for Shopping Areas of Mong Kok

20. **MR JAMES TO** (in Chinese): *President, in May 2009, the Planning Department (PlanD) completed the study on the Area Improvement Plan for the Shopping Areas of Mong Kok (Area Improvement Plan), which identified four streams of improvement initiatives and recommended 22 projects (including the Sai Yee Street redevelopment project, and so on). Besides, to enhance the shopping areas and pedestrian experience in Mong Kok, the Transport Department (TD) and the Urban Renewal Authority (URA) have also launched various related projects in recent years. In this connection, will the Government inform this Council:*

- (a) *of the progress of the 22 improvement projects in the Area Improvement Plan, including details of the completed projects, work progress and anticipated completion dates of the uncompleted projects, as well as the commencement dates and anticipated completion dates of the projects which have not yet commenced;*
- (b) *of the work progress of the reprovisioning of the New Territories West Regional Office of the Water Supplies Department (WSD) and the neighbouring Food and Environmental Hygiene Department (FEHD) depot in the Sai Yee Street redevelopment project; when it will conduct traffic assessment and preliminary work and commence public consultation on the project of developing the Sai Yee Street redevelopment site into a public transport interchange (PTI);*
- (c) *of the progress of the plan proposed by the TD last year on widening the pedestrian crossing at the junction of Argyle Street and Nathan Road, and when such plan is expected to be implemented; and*
- (d) *whether it knows the progress of the plan launched by the URA in 2008 on the revitalization of the tenement buildings at Prince Edward Road West and Shanghai Street, and when such plan is expected to be implemented and completed?*

SECRETARY FOR DEVELOPMENT (in Chinese): *President, the study on Area Improvement Plan completed by the PlanD in May 2009 has recommended*

22 improvement projects, among which the following six have been announced by the Government to be priority projects designated for early implementation:

- (a) Tung Choi Street (Goldfish market) Streetscape Improvement Project;
- (b) Nullah Road Greening Project;
- (c) Lai Chi Kok Road Greening Project;
- (d) Nullah Road Linkage Improvement Project;
- (e) Prince Edward Road West Linkage Improvement Project; and
- (f) Soy Street Destination Project.

Having completed/commenced three redevelopment projects (Langham Place, Sai Yee Street Project and Macpherson Stadium Project) and two preservation projects (Prince Edward Road West/Yuen Ngai Street Project and Shanghai Street/Argyle Street Project) in the Mong Kok District, the URA accepted the Government's invitation to assist in implementing the local improvement initiatives under projects (a) to (c) (including Tung Choi Street Streetscape Improvement Project, part of the Nullah Road Greening Project, and Lai Chi Kok Road Greening Project) with a view to achieving synergy effect.

My reply to the four-part question of Mr TO is as follows:

- (a) Progress of the six priority projects:

- (i) Tung Choi Street Streetscape Improvement Project:

The URA has commissioned consultants to work out the design of the streetscape improvement, with the Yau Tsim Mong District Council consulted on 24 February 2011. The detailed design proposal was submitted to the government departments concerned (Leisure and Cultural Services Department (LCSD), the TD and Highways Department (HyD)) in September 2011 for their examination and approval.

Upon approval of the improvement project, construction work, estimated to last for 18 months, will commence.

(ii) Nullah Road Greening Project:

The URA is responsible for landscaping the site of the former petrol filling station at Nullah Road near Tung Choi Street. As the TD is planning to convert the said site into a vehicular access connecting Tung Choi Street and Prince Edward Road West, the URA will discuss with the LCSD on the improvements works for the remaining area once the TD's plan has been implemented. It is estimated that the improvements works will take 12 months to complete.

As regards the site of another former petrol filling station at Nullah Road near Nathan Road, landscaping works have been completed by the Yau Tsim Mong District Council and an open space for public enjoyment has been created.

(iii) Lai Chi Kok Road Greening Project:

The URA plans to come up with a preliminary design of the Lai Chi Kok Road Greening Project in the fourth quarter of 2012 for discussions with the LCSD and Yau Tsim Mong District Council. Once consensus is reached with the LCSD on the landscaping works, the URA will commence construction, which is expected to take 12 months.

(iv) Nullah Road Linkage Improvement Project:

The TD and the HyD are concurrently carrying out works for this project, with completion scheduled within 2012.

(v) Prince Edward Road West Linkage Improvement Project:

The widening of the pedestrian crossing north of Sai Yee Street near Prince Edward Road West has been completed.

The TD and the HyD are now undertaking construction works for the remaining parts of this linkage project.

(vi) Soy Street Destination Project:

A community centre serving local residents has been proposed under this project, and the government departments concerned are now engaged in further discussions on the implementation details.

Apart from the above six priority projects, there are 16 other recommended improvement projects which are categorized into short, medium and long-term projects. Relevant government departments and implementation agents will continue to play different roles in the steering, implementation and maintenance of the recommended projects under the existing institutional arrangements. The recommended short-term improvement projects, including the Yim Po Fong Street Linkage Improvement Project, the junction improvement of Nathan Road/Argyle Street and the decking of nullah at Flower Market Road, have all been completed.

For the recommended medium-term improvement projects, such as the improvement of the existing streetscape, footbridges and subways, conceptual schemes with design features and improvement measures have been devised under the study, but a more detailed design needs to be worked out. Besides, the diversion works of the underground utilities for the Mong Kok Footbridge Extension Project at Mong Kok Road across Nathan Road as initiated by the private developer have commenced.

The long-term projects recommended by the study involving re-provisioning of existing facilities, such as the Sai Yee Street Destination Project and Sai Yee Street Greening and Streetscape Improvement Project, require more detailed study and liaison among the government departments concerned. The progress of the Sai Yee Street Destination Project is set out in part (b) of the reply.

- (b) Subsequent to funding approval by the Finance Committee of the Legislative Council, the WSD engaged a consultant in August 2011 to help procure a suitable industrial building for conversion to accommodate its existing New Territories West Regional Office. The consultant has since carried out a site search to identify industrial buildings meeting relevant requirements for more detailed examination. The WSD and the departments concerned are currently working with the consultant on the findings and recommendations, with a view to completing the conversion works by late 2015 at the earliest. Meanwhile, the FEHD is also considering the feasibility of relocating its Sai Yee Street facilities to West Kowloon, and preliminary planning is underway.

The study has also recommended the provision of a PTI under the Sai Yee Street project (covering the site currently housing the WSD and the FEHD facilities at Sai Yee Street and the adjoining temporary car park) in future. The PlanD is examining the details with the government departments concerned. The preliminary proposal is to have commercial development above the PTI, with widening of the adjoining footpaths and connection with the footbridge system, provision of public open space and preservation of the existing mature trees on the site. The PlanD plans to consult the Yau Tsim Mong District Council on the development proposal within this year.

The TD will study the possibility of relocating some of the green minibus, red minibus or cross-boundary bus services in the area to the proposed PTI, and draw up the corresponding planning and technical requirements for the transport facilities. Upon completion of the planning work by the departments concerned, the TD will accordingly arrange for traffic impact assessment to cater for future traffic demand.

- (c) The pedestrian crossing across Nathan Road, located south of the junction between Argyle Street and Nathan Road, is one of the pedestrian crossings with relatively high pedestrian flow in Mong Kok area. To further improve the pedestrian circulation at this pedestrian crossing, the TD has proposed to widen the crossing from

12 m to 15 m. The TD has conducted local consultation on the proposal, which has received support. The HyD is now making arrangements for pre-construction investigation works, including ground investigation, and will discuss with the relevant departments on the temporary traffic arrangements. The actual schedule of the widening works can only be confirmed upon completion of the investigation works.

- (d) In his 2007-2008 Policy Address, the Chief Executive requested the URA to extend the scope of historic building protection to cover pre-war buildings and to consider not just preservation but also ways of revitalization. Subsequently, the URA announced in March 2008 the extension of the scope of its preservation strategy to cover efforts to preserve 48 pre-war verandah-type shophouses in the territory.

In September 2008, to dovetail with the Government's policy, the URA commenced two projects at Prince Edward Road West and Shanghai Street respectively, each involving a row of 10 verandah-style pre-war shophouses of heritage value for preservation and revitalization.

Upon completion of the statutory planning procedures of the two projects, the URA commenced acquisition work in March 2011 and has made resumption application to the Government within 12 months after the approval of the Development Scheme Plans by the Chief Executive in Council in accordance with the Urban Renewal Authority Ordinance. As at early March 2012, the URA had successfully acquired ownership of 56% and 75% of the properties under the Prince Edward Road West Project and the Shanghai Street Project respectively.

The URA has proposed that the Shanghai Street Project should aim at enhancing local characteristics through heritage preservation and revitalization. It is now conducting a study on themes compatible with the local characteristics. As the URA has acquired ownership of over 70% of the properties under the Shanghai Street Project, it is

estimated that the land resumption procedures can commence within 2012-2013, and rehabilitation works will be carried out immediately thereafter to implement the theme.

As for the Prince Edward Road West/Yuen Ngai Street Project, the URA's preliminary proposal is to retain as far as practicable the existing shops that match the flower market characteristics and to incorporate elements of an arts and cultural theme. The URA is now conducting an open invitation for expression of interest to look for a non-governmental organization to use one of the acquired shops at Prince Edward Road West for arts and cultural purposes. In addition, the URA has successfully acquired two adjoining verandah-style shophouses under this project, and its plan is to carry out rehabilitation works once the last occupant has moved out. It is estimated that works will commence in 2012-2013.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bill: First Reading.

RESIDENTIAL PROPERTIES (FIRST-HAND SALES) BILL

CLERK (in Cantonese): Residential Properties (First-hand Sales) Bill.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bill: Second Reading.

RESIDENTIAL PROPERTIES (FIRST-HAND SALES) BILL

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):
President, I move the Second Reading of the Residential Properties (First-hand Sales) Bill (the Bill).

The SAR Government is determined to enhance the transparency and fairness of sales arrangements and transactions of first-hand residential properties through regulation by legislation. As undertaken by the Chief Executive in the Policy Address last year, we launched a public consultation in the form of a White Bill in November last year and we strive to complete the legislation within this year. This is a momentous task of the Transport and Housing Bureau. Today, I am delighted to introduce the Bill into the Legislative Council.

The Bill mainly seeks to establish a mechanism which is clear, fair, balanced, practical and effective, so as to regulate sales arrangements of all first-hand residential properties. It is hoped that by enhancing market transparency, ensuring the accuracy of information about properties and transactions and criminalizing irregular acts, the protection accorded to consumers can be comprehensively strengthened.

At the same time, the Bill creates a level playing-field for the trade to compete and the regulatory measures concerned are appropriate in that a certain degree of flexibility is preserved for developers to respond to market changes. The Bill, to a very large extent, benefits both property buyers and sellers.

The proposed regulatory mechanism has the following features:

- (a) Unified standards, clear flat prices and high transparency: the Bill has set out comprehensive, detailed and practical requirements for sales brochures, price lists, show flats and sales arrangements. For example:
 - (i) property sellers are required to make public the sales brochure at least seven calendar days before the sale commences, and to make public the price list, the date, time and place of the sale, and the number of units and the details of the residential

- property for sale at least three calendar days before commencement of the sale;
- (ii) price lists must be set out in a prescribed format and each price list must set out a number of units which is no less than the number prescribed by the law; and
 - (iii) property size and per square foot/metre property price shall only be quoted on the basis of saleable area.
- (b) Accurate information and timely disclosure: the Bill has stipulated the time frame within which transaction information must be disclosed to fully reflect the actual transaction status. For example, property sellers are required to disclose transaction information within 24 hours upon signing the Preliminary Agreement for Sale and Purchase.
- (c) Irregular acts shall be deemed a criminal offence. For instance, it will be an offence for a person to make misrepresentation or disseminate false or misleading information.
- (d) The Bill has set out the penalties for offences, with the maximum penalty being a fine of \$5 million and imprisonment for up to seven years.

The Bill is the result of the concerted efforts by various parties. It is drafted on the basis of the recommendations made by the Steering Committee which was set up in accordance with the announcement made by the Chief Executive in the 2010-2011 Policy Address. Under the invitation of the Transport and Housing Bureau, Members of the Legislative Council, representatives of relevant authorities, stakeholders and professionals have been enlisted in the Steering Committee. The Steering Committee then spent a year on an in-depth deliberation on the regulation of sales of first-hand residential properties and submitted a series of recommendations in a report to us in October last year. We then published a public consultation document in the form of draft legislation in November. The two-month public consultation exercise rendered a chance for the public to study the proposed provisions in detail and more accurately reflect their views on the regulation details to us. After considering

some 1 000 submissions received during the public consultation exercise, the Transport and Housing Bureau fine-tuned the proposed legislation.

The views which we have received from the public consultation exercise are mostly very constructive. The views mainly seek to improve certain clauses in the proposed legislation for better clarification. The result of the public consultation shows that the public in general support the proposed legislation and there is an obvious consensus in society that the proposed legislation should be passed as early as possible.

Next is the most critical stage of the legislative process. We will try our utmost to work with the Legislative Council in the scrutiny of the Bill. We urge for Members' support, so that we can together strive for a smooth passage of the Bill within this Legislative Session and render early protection to the consumers by the law.

I so submit. Thank you, President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Residential Properties (First-hand Sales) Bill be read the Second time.

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

Resumption of Second Reading Debate on Bills

PRESIDENT (in Cantonese): This Council now resumes the Second Reading debate on the Appropriation Bill 2012. At this meeting, Members will consider Mr LEE Wing-tat's proposed resolution after Members have spoken at the resumption of the Second Reading debate on the Bill. I will suspend the meeting at about 10 pm. It is anticipated that more than 40 Members may speak today.

I wish to remind Members that later today, in the event that it is not time for the meeting to be suspended and no more Member indicates his/her intention to speak, the Council will proceed to Mr LEE Wing-tat's proposed resolution.

At the third Budget meeting to be held next Wednesday, only public officers may speak before Members consider the amendments to the Appropriation Bill 2012.

PRESIDENT (in Cantonese): Members who wish to speak today will please press the "Request to speak" button.

Under the Rules of Procedure, each Member may speak for up to 15 minutes. When a Member speaks in excess of the specified time, I will direct him/her to discontinue.

APPROPRIATION BILL 2012

Resumption of debate on Second Reading which was moved on 1 February 2012

DR DAVID LI: President, in my response to the Budget last year, I expressed dismay at the Government's decision to hand out \$6,000 to every permanent resident in Hong Kong. This unnecessary giveaway came at the expense of meaningful investment for the betterment of our community. It revealed a government without a vision for Hong Kong. As a result, the Government was unable to defend itself against politically-motivated calls for a handout.

Therefore, I am delighted to see a dramatic change in approach for 2012. This year, the Financial Secretary has offered a comprehensive spending blueprint. Very clearly, he has thought deeply about helping those in need; about helping our economy; and about helping all of us to build for the future. The budget speech was comprehensive, covering all policy areas. Throughout, it maintained a clear, proactive stance.

I noted one line in particular. The Financial Secretary said "our simple and low tax regime is the key favourable factor" when overseas companies decide to set up an office in Hong Kong. In other words, our commitment to a simple and low tax regime leads companies to invest here, and to create jobs here. No matter who will lead Hong Kong from 1 July 2012, it is essential that the new Administration remember this statement by our Financial Secretary, and maintain our simple and low tax regime.

This Budget is distinguished by its proactive approach in a number of policy areas. Instead of reacting to events, the Government is anticipating events. This is very welcome indeed.

I in particular wish to highlight the announcement that the Government would significantly enhance the existing SME Financing Guarantee Scheme. I have received a large number of letters from members of the Finance Constituency in support of this initiative. In announcing the new measure, the Financial Secretary highlighted the likelihood that small and medium enterprises (SMEs) would face a difficult economic environment in 2012. In the past, the Government reacted only after SMEs ran into trouble. Now, the Government is offering a hand before a crisis strikes, allowing SMEs to plan for the downturn ahead.

Members of the Finance Constituency recommend that this or a similar support initiative be maintained for the long term. Changes to international banking supervision regulations under the Basel III regime will make it considerably more expensive for banks to extend loans to SMEs in future. Without support, many will stop lending altogether.

Banks have a crucial role to play in supporting the SME sector. Their knowledge of the market and their ability to assess the financial health of SMEs are essential to the development of an efficient SME sector. The Government has neither the tools nor the expertise to assess creditworthiness on its own. If banks are to continue to provide their expertise in support of the SME sector, a long-term plan is required to minimize the risk that banks incur by extending loans to SMEs. Long-term government support is essential.

Members of the Finance Constituency noted that the Budget contained few new initiatives to promote and develop the local financial services industry, beyond those previously announced. The industry is aware that a broad range of initiatives are already in progress, including in particular those announced by Vice Premier LI Keqiang during his visit to Hong Kong in August last year. We look forward to a speedy implementation of all these initiatives.

The progress made in recent years must be sustained and extended. This is especially important as we plan for the transition to a new Administration on 1 July.

Singapore and London are now competing with Hong Kong to become the leading international Renminbi business centre. Any loss of momentum from Hong Kong will quickly be seized upon by our competitors.

We also must remember that the further development of Hong Kong as an international financial centre is not just the wish of a few bankers or local government officials. The status of Hong Kong as a leading international financial centre within China was given official recognition in our Country's Twelfth Five-Year Plan. Hong Kong's position was once again recognized by the Premier during his press conference at the close of the National People's Congress session last week. As the most advanced financial centre within China, we have not only the ability but also the responsibility to further enhance our position, and eventually to rival and even surpass the financial centres of New York and London.

Financial services is an international industry. Our industry must attract investment and talents from throughout the world. Not just any talent in order to be a leading international financial centre, we must attract top talents. The industry does its part by offering good careers and good pay. However, we rely on the Government to provide services, and to make Hong Kong an attractive place to live in.

Unfortunately, in recent years, I have received a growing number of complaints that Hong Kong is not doing enough in this regard. Foremost among these concerns is the shortage of international school places. The first question of any mid-career executive about to be transferred to Hong Kong is: "Are there school places for my children?"

The Budget offered no new answers. All we heard was a repetition of the same promises that we have heard before. We need a new approach, one that does not view the problem simply in terms of international school places. We need to explore a wider range of options. In particular, we need to address the real educational needs of those local children, both Cantonese and non-Cantonese speaking, who now compete for spaces in international schools.

In short, to address the lack of international school places, we must also improve and encourage greater diversity in the local school system. We need a holistic solution to improve education for all.

A further concern of those considering a move to Hong Kong, and for most of us already here, is the slow progress made in improving air quality.

While the Budget reviewed the investments that had been made in clean air in the past, I was disappointed that the Budget contained no new commitments to improve air quality. I was even more disappointed when the Financial Secretary stated that total expenditure by the Government during the past five years on all aspects of environmental protection amounted to just \$30 billion.

That may sound like a lot of money. But compare it to the cost of the \$6,000 giveaway last year. That bill amounted to \$38.5 billion. Imagine how much we could have achieved if that money had instead been spent on improving our environment.

This Government accomplished great things when it remained true to its principles. It went badly astray if it ignored those principles for short-term political gain. It is an important lesson for all of us as we look forward to 1 July this year.

Thank you, President.

MR TAM YIU-CHUNG (in Cantonese): President, the Financial Secretary, John TSANG, delivered his farewell Budget on 1 February this year. As compared to the past few years, especially last year, the public have a much more lukewarm response to the Budget this year. However, I think the Secretary is pleased about this as he will not want the situation of last year to repeat again.

I think there are two reasons for the less concern of the public about this year's Budget. On the one hand, the Chief Executive Election is far too exciting, with fresh news coming up every day, hence drawing the attention of the public, the media, as well as many of our colleagues in the Legislative Council on the disputes and quarrels in the election. On the other hand, the Secretary has learned a lesson from last year's experience and has come up with a pragmatic Budget this year. The "giveaway" measures proposed in the Budget for relieving people's hardship and the specific long-term policies on economic development, welfare, healthcare and education are generally proposed on top of the existing policies. Not many new initiatives have been proposed. As the

Secretary, who tries to play safe this time, has not proposed any ground-breaking measures in this Budget, naturally there will be fewer disputes. Yet, this approach has also reduced public attention to the Budget.

For this year's Budget, one of its major directions is to "promote economic development and preserve job". In the submission of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) titled "identifying risks and crises to protect people's livelihood" on the budgetary proposals, the direction of development proposed by us is more or less as that stated in the Budget. In our submission, we have also highlighted that the SAR Government should implement appropriate policy initiatives in times of external economic fluctuations so as to meet the challenges that we have to face in economic development.

In the Budget, the Secretary has proposed, among other things, the following initiatives: allocating \$11 billion to set up a financing guarantee scheme with a lower guarantee ratio for small and medium enterprises (SMEs); waiving the business registration fees for the coming year; reducing profits tax for the current year by 75%; providing tax rebates to the middle class; raising the personal allowance and increasing the allowances for maintaining a child, dependent parent/grandparent, dependent brother/sister or disabled dependent; waiving rates for the coming year; injecting \$10 billion into the Samaritan Fund for relaxing the means test of applicants and increasing the number of drugs supported by this Fund; and making provisions for the redevelopment of Kwong Wah Hospital, Queen Mary Hospital and Yan Chai Hospital, as well as the expansion of United Christian Hospital.

Many of these policy initiatives are made by Financial Secretary John TSANG after he has listened to the DAB's views. These initiatives can help SMEs ease credit crunch and cope with a hike of interest rate in case the external economy turns bad. They can also alleviate the financial burdens of the middle class in respect of taxation, housing and healthcare. The Secretary no longer overlooks the interest of the middle class as he did in the previous budgets. Many of his current proposals are commendable.

However, this Budget also has many inadequacies which must be faced up to and handled by Financial Secretary John TSANG, the current SAR Government and the next SAR Government. First of all, this Budget has not

provided sufficient support to the grassroots. While relief measures have been proposed in the Budget, such as granting each residential electricity account a subsidy of \$1,800, providing an extra one-month allowance to Comprehensive Social Security Assistance (CSSA) recipients and paying two months' rent for public housing tenants, all these measures are "old tunes" without any innovative ideas. Worse still, the Government has failed to address the problems identified in implementing these measures in the past. What are the problems identified? We have received many complaints about these "sweeteners", which include, the electricity subsidy is property-based, a family can no longer receive the subsidy after moving to a new home because the subsidy will be cancelled instead of being transferred; and the waiving of rates, which is property-based instead of owner-based, is favourable to people who own many rental properties but is unfair to owners who only have one self-occupied property.

Furthermore, this Budget has not provided any targeted support to the grassroots, especially the "N-nothings". Previously, the Secretary for Labour and Welfare announced that the threshold of the Work Incentive Transport Subsidy Scheme would be lowered. Last week, Chief Secretary for Administration Stephen LAM also announced that the Community Care Fund (CCF) would provide every non-CSSA recipient living in cubicle apartment or bedspace apartment with a one-off rental subsidy of \$1,800. While these initiatives are creditable for the Government has made unprecedented efforts to give targeted support to the "N-nothings", we do not think they are sufficient. What is more, these initiatives can only benefit a limited number of people. Therefore, the DAB hopes that the current SAR Government, as well as its successor, can keep a close eye on the changes of the economic environment and introduce additional targeted relief measures to ease the hardship of the grassroots and the "N-nothings" when necessary. As for the supports given to the underprivileged through the CCF, the Government should expeditiously consider turning such measures into standard practices and charging their costs to the Government's recurrent expenditure account. The DAB will continue to urge the SAR Government to implement our other proposals, such as providing rebate on Government rent, providing 15-year free education and allowing elders to concurrently receive Disability Allowance and Old Age Allowance.

The DAB is of the view that, while there is room for improvement for certain specific policy initiatives, the Budget also fails to respond to one of the biggest problems in Hong Kong at the moment, that is, the number of "doubly

non-permanent resident babies" born in Hong Kong has amounted to 177 000. The Administration should make a comprehensive planning on resources allocation by taking into account their demand for local education, welfare and healthcare; otherwise, service quality will definitely be affected.

As a matter of fact, service quality has already been affected. For example, the increasing number of "doubly non-permanent resident children" has exerted pressure on the services of Maternal and Child Health Centres in Fan Ling and North District. Without a comprehensive forecast on demand, all measures introduced by the Administration will just be stopgaps. Therefore, in our view, apart from an increase in resources as promised by Secretary John TSANG in the Budget, the Government should also conduct more comprehensive forecasts on the future demand for local services. These forecasts must be conducted as soon as possible because it takes time to introduce relevant measures. Such measures cannot be kicked started immediately after the allocation of resources. In addition to maternal and child health services in areas like North District, Fan Ling, Yuen Long and Tai Po, school places in kindergartens and primary schools are in short supply since more and more "doubly non-permanent resident children" have reached school age. Nevertheless, the authorities have yet to conduct a comprehensive planning to find out how many additional school places, school premises, teachers and resources have to be provided at the kindergarten, primary and secondary levels, so as to meet the relevant needs. Kindergartens and primary schools in these areas feel helpless in having to meet with a sudden demand for school places. According to today's press report, the Government intends to provide two more places in each class, and a few hundred additional places will be provided in each school. Yet, this plan is not feasible. Besides, children of Hong Kong permanent residents will have a smaller chance to get into their preferred schools.

Lastly, I would like to share with you my comments on the various budgets prepared by Mr TSANG after he has become the Financial Secretary. Actually, in his five budgets since he assumed office in 2007, government expenditure has increased substantially. In this Budget, government expenditure amounts to \$400 billion, representing an increase of \$150 billion when compared with the annual government expenditure of \$200 billion to \$250 billion in the period between the reunification and 2007. Despite the huge increase in government expenditure, the public have not stopped complaining, after the delivery of each budget, that the resources allocated to the community are insufficient. There are always criticisms against Secretary John TSANG, who is often described as a

miser. The provision of substantial resources has failed to give him applause; instead social grievances have been aroused. I think this phenomenon somewhat reflects that Secretary John TSANG and the current-term Government have failed to address public concerns in resources allocation. There are problems such as high property price making home purchase difficult, inadequate public healthcare services failing to meet public demand, high travelling expenses beyond the affordability of the public, lack of retirement protection for the elderly, and so on. All these problems are the greatest concerns of the public. As the current Government only has a few months to go before its term ends, it cannot do much to tackle these problems. Therefore, the DAB hopes that the next government can put forward some innovative and effective policy initiatives to solve the problems which are of particular concern by the public and the grassroots.

I so submit and support the Appropriation Bill 2012.

MR ALBERT HO (in Cantonese): President, there has been an unbalanced recovery of the global economy after the financial tsunami. Compared to most developing countries, such as the G7 countries, Hong Kong's Gross Domestic Product (GDP) has sustained strong growth while many major countries are lagging far behind. Hong Kong has recorded an average surplus of over \$50 billion in each of the past five years, thereby building up a total reserve amounting to more than \$1,200 billion. Notwithstanding this, people from different strata have yet to reasonably share the fruits of economic development. Hong Kong still ranks first worldwide in terms of wealth disparity. When Chief Executive Donald TSANG took office, he pledged to do his best to alleviate the disparity between the rich and the poor, which he considered an important social conflict. However, so far, his performance in this regard is disappointing.

On poverty alleviation, while the proportion of households with a monthly income less than \$10,000 to the total population has not dropped notably when compared to the situation 10 years ago, the proportion of households earning less than \$4,000 has increased. Under the effect of high inflation in recent years, the grassroots are living in dire straits. The Government needs to review its role in macroeconomics and promote a just and fair society, instead of rigidly keeping public expenditure below 20% of the GDP. Above all, when the Government formulates its public finance policy, it should strive to provide benefits to people from all walks of life, so as to ensure that they can lead a dignified life.

Although the Financial Secretary has put forward a series of measures to help the disadvantaged and the poor this time, he has again neglected the "N-nothings". Amidst widespread criticisms, the Chief Secretary for Administration has recently proposed to allocate \$50 million to \$60 million from the Community Care Fund to take care of these long neglected people. And yet, he estimated that there are only 12 000 such households, and the provision to be allocated is just dozens of millions of dollars. Clearly, this situation is another case of "three have-nots", whereby the Government has no determination and no resources, and consequently has gained no acceptance from us. I opine that unless the Chief Secretary suggests and the Community Care Fund agrees to increase the number of beneficiary "N-nothings" households, expand the relevant network and increase the amount of subsidies, it would be difficult for us to accept this Budget.

For education, we all agree that it is an important social investment. The Government should therefore invest more heavily in education so that everyone enjoys equal and reasonable development opportunities. To achieve this end, the Government should inject more resources for education so as to ensure that all students have equal access to quality education. Regrettably, as always, the Financial Secretary merely stressed that education remained the biggest item in the Government's total expenditure, but refused to implement major education policies which are of grave public concern, including the provision of completely free pre-primary education, the full implementation of small class teaching in secondary schools and the increase in the number of subsidized university places. We are extremely disappointed about this. Besides, we are also very concerned about the policy on the allocation of international school places, as well as the education for the ethnic minorities, as this will affect the opportunity of non-Chinese students from different strata in receiving education in Hong Kong.

When the Democratic Party met with the Financial Secretary before the delivery of the Budget, we had expressed our strong request for 15-year free education. Regrettably, the Budget has completely neglected what we considered as a consensus forged in society. The provision of 15-year free education is of paramount importance to the development of whole-person education. It enables students to receive free education at their early childhood, thereby laying a sound foundation for their future development and smooth transition from primary to secondary education. It is nonetheless regretful that the Government has all along neglected the importance of early childhood

education, but merely treated it as part of other education services and subsidies, which is indeed too shortsighted. The Government should not treat free early childhood education as an expenditure, instead it is an investment of human capital which the society treasures. Otherwise, this is a lack of commitment in the overall education policy and a disrespect of early childhood educators.

Hong Kong is a metropolis which draws administrative and management experts of different nationalities from different parts of the world to come and work, thus there are strong demands for international school places for their children. According to a survey conducted by the Canadian Chamber of Commerce in Hong Kong on the supply of international school places in March 2011, nearly 60% of the respondents considered that a shortage of international school places may lessen their incentives to invest or work in Hong Kong. The major cause of the shortage of international school places is that local parents, scared off by our education system, try by all means to send their children to international schools. In order to address the problem of a short supply of international school places, there should be better allocation of school places, with priority given to non-Chinese students, so as to ensure that they have equal access to education. Of course, more importantly, in the long run, we must improve our education policy to rebuild the confidence of local parents in our education system, so that they will no longer send their children to international schools. This is how we can tackle the long-standing problem of shortage of international school places at root.

Furthermore, according to the projection of the Education Bureau, the education support for non-Chinese speaking students is still far from enough. In the Budget, the Government has only slightly increased the number of designated schools for non-Chinese speaking students from 30 last year to 33 this year. However, the Budget is silent on the education provision to support the non-Chinese speaking ethnic minority students, not to mention the provision of additional resources for recruiting ethnic minorities' teaching staff or enhancing the training of these staff. There is a serious shortfall in these areas, and we are disappointed that the Government has turned a blind eye to the principle of equal education opportunities.

For healthcare services, in review of the healthcare policies introduced over the past few years, we consider that the allocation of healthcare resources as proposed in this year's Budget has run counter to the principle of justice on the

whole. While Hong Kong's healthcare system has all along been relatively fair, this edge has gradually been eroded by the public healthcare policy, in particular the promotion of medical services industry. The Government's active promotion of private health insurance and the development of private hospitals have dealt a blow to the public healthcare system.

As Members may be aware, the development of medical services industry is tantamount to providing labour-intensive medical services to Mainland and overseas people who can afford to pay for such services in the private sector. The public sector, under which all Hong Kong people receive equal healthcare services, has suffered the impact of serious manpower drain over the past few years. The problem of manpower drain is not only found in obstetrics and gynaecology and paediatrics services, but has also spread to anaesthesia, accident and emergency services, and so on. The professionals in these areas have joined the private sector. The high wastage of experienced medical practitioners is most worrying. These Consultants have mostly worked in the Hospital Authority for over 20 years. Apart from treating acute patients, they are also responsible for training young medical practitioners and are therefore important assets of our healthcare system. The wastage of experienced medical practitioners has genuinely dealt a heavy blow to the entire public healthcare system.

The expansion projects of a number of public hospitals have commenced, which include the building of North Lantau Hospital, the redevelopment of Yan Chai Hospital, as well as the improvement works of Tseung Kwan O Hospital and Caritas Medical Centre. Furthermore, projects such as the construction of Tin Shui Wai Hospital and the Centre of Excellence in Paediatrics, the expansion of United Christian Hospital, as well as the redevelopment of Kwong Wah Hospital and Queen Mary Hospital have also commenced one after another. And yet, amidst the aggressive headhunting of private hospitals, the medical profession has still impeded the interim measure of recruiting overseas doctors to address the serious shortage of manpower in public hospitals at the moment. This is indeed worrying. Where can we find people to cater for the medical needs of the general public? Notwithstanding this, the Government has granted four sites for the construction of private hospitals.

Regarding the proposal to earmark funding for the redevelopment of Queen Mary Hospital set out in the Budget, both Prof YUEN Kwok-yung and Prof LO

Chung-mau, Head of Department of Surgery, The University of Hong Kong has suggested that the site where the private Wong Chuk Hang Hospital sits should be allocated for the redevelopment of Queen Mary Hospital. By so doing, the entire hospital can be moved to the new site without affecting its services during the redevelopment. Upon completion of the redevelopment of Queen Mary Hospital, the new hospital at Wong Chuk Hang can be converted into a subsidiary teaching hospital. However, it seems that the Government intends to give priority to the development of private hospitals. It even goes further to allow the four new private hospitals to provide accommodation for patients' families and visitors. Why would the Government bother to operate hotel business in hospitals? I am really perplexed. Apparently, the Government has put more emphasis on the development of medical services industry than the much-needed healthcare services. The development of private healthcare services to attract affluent people from abroad has, in actuality, disregarded the needs of the majority of the public on public healthcare system. This is an extremely unjust policy.

After talking for so long, the only measure we welcome is the provision of \$10 billion for drugs. It is hoped that the Government will expeditiously implement the measures relating to the application of drug subsidy, and relax the relevant criteria to help the needy.

To ensure a just allocation of resources, apart from providing services to the needy patients on a fair basis, it is also necessary to provide extra care to patients with special needs, such as mental patients. At present, the Government has not provided sufficient care to these patients. By replacing in-patient services with community rehabilitation in recent years, the Government has rapidly reduced the number of psychiatric beds by 18%. And yet, no prior assessment has been carried out to assess the number of discharged mental patients returning to the community and the supporting community services required after the reduction of psychiatric beds. As a result, a spate of tragedies has occurred as many discharged mental patients who return to the community have failed to receive sufficient care. Improvement is urgently needed in this regard. The Case Management Programme launched in 2010 has only been implemented in eight districts so far. I think the Government really needs to expeditiously step up its efforts to promote community support for the implementation of this Programme. Thank you.

MR JEFFREY LAM (in Cantonese): This year, Hong Kong's economic growth will be lower than that of last year. This is an undeniable fact. It is also what the Financial Secretary has predicted in this Budget.

Owing to the slackened growth of the global economy, there is a significant decrease in the merchandise import and export in January with an overall decline in export, while the domestic demand, which has been the key growth driver of Hong Kong's economy, has shown signs of cooling down. The growth in the number of jobs in Hong Kong may slow down, which will subsequently affect the growth in the future consumption expenditure.

President, focusing on problems which may arise in Hong Kong, this Budget is going in the right direction — "preserving enterprises, stabilizing the economy, combating inflation and supporting the middle class". The introduction of the relevant measures, I believe, will produce certain effects in alleviating the impact of the uncertainties in the external economy on Hong Kong.

To help small and medium enterprises (SMEs) face with possible financing problems brought by the credit crunch, the Budget has rolled out concessionary measures. We are very glad that the Government has accepted the proposals of Economic Synergy, which include the enhancement of the SME Financing Guarantee Scheme, raising the Government's guarantee ratio to 80% and providing a guarantee commitment of \$100 billion again. As we all know, banks always lay stress on the "brick-and-mortar culture" and are highly wary of loans without collateral. Hence, we believe that this concessionary measure will enable SMEs, which are having fewer orders at present, to borrow funds to ease the cash flow and continue with business operations, thus being able to tide over the severe economic winter.

Besides, business starters and self-employed persons have always faced a lot of difficulties in financing, especially when there is an economic downturn like the present situation. Very often, banks will "take away the umbrellas" from them in the first instance in rainy days. This Budget has accepted another proposal of ours and requested the Hong Kong Mortgage Corporation Limited to launch a "microfinance scheme" to provide business start-up loans to those who are dedicated to establishing their own business. The scheme will be launched in June or July this year at the earliest. We are very glad to learn that in

studying the details of the scheme, the authorities have included SMEs which have established business for less than five years among the service targets.

President, to help Hong Kong enterprises, especially SMEs, to grasp the opportunities arising from the National 12th Five-Year Plan, we have all along suggested that the Government should assist SMEs in developing their brands and tapping the Mainland domestic market. This time we are also very pleased to note from the Budget that a dedicated fund which aims to help Hong Kong enterprises tap the Mainland market will be set up in the middle of the year. However, some traders have conveyed to us that although the maximum amount of subsidy which each enterprise may be granted under the dedicated fund is \$500,000, which is greater than the previous amount of \$300,000, it is still not sufficient. In fact, promotion requires a lot of resources and funds. For this reason, it is hoped that after the launch of the dedicated fund, the Government can make some appropriate adjustments in terms of the form or the amount.

Besides, we are very glad that the Budget has proposed a rebate of 75% of profits tax for enterprises, thus benefiting SMEs. However, we are disappointed that the Government still refuses to reduce the profits tax rate to 15%, since such a policy can strengthen Hong Kong's competitiveness in the long run, and it will certainly attract more capitals to come to Hong Kong, thereby effectively enhancing the efforts in "supporting enterprises and preserving employment". Hence, we hope that the next-term Government will consider this proposal of ours.

President, we have always stressed the substantial contributions made by the middle class to society, yet very often they are the group of people being neglected. Therefore, we are very pleased that the Budget has finally come up with a number of measures to help the middle class, and the Government's further issuance of iBond can also assist the middle class in the fight against inflation. This type of bond is welcomed by the middle class in Hong Kong.

Nevertheless, apart from the double pressure of economic downturn and inflation, as Mr WEN Jiabao, Premier of the State Council, pointed out in a press conference held for Chinese and foreign reporters last Wednesday when he was asked what deep-rooted and pending problems were being faced by Hong Kong, Hong Kong also has to address important issues such as social justice, housing, education and healthcare.

This Budget has rolled out seven key relief measures to enable the grassroots to heave a sigh of relief under the high inflation. However, in view of the deep-rooted wealth gap problem pointed out by Premier WEN, the Community Care Fund, with a provision of several billion dollars, is just a drop in the bucket. With a population of 7 million people, the foreign exchange reserve and fiscal income held in Hong Kong is rather high in the world. The Government can spend more resources on poverty alleviation. Hence, we hope that the Government will allocate additional funding of tens of billion dollars on top of the original expenditure in the annual budget to take good care of the disadvantaged in Hong Kong in all aspects, including transport, healthcare, housing and education.

President, we concur with the Budget or the Financial Secretary in not handing out money again this year. Nevertheless, the Government should formulate some long-term plans to help those in need with regard to clothing, food, accommodation and transport and solve the deep-rooted wealth gap problem.

Besides, Premier WEN mentioned other deep-rooted problems in Hong Kong, that is, the education and healthcare issues, reflecting the Central Authorities' deep concern about the conflict between Hong Kong people and Mainlanders over the distribution of resources caused by "doubly non-permanent resident pregnant women", as well as the heavy pressure which they have imposed on Hong Kong's education and healthcare sectors. We welcome the redevelopment of Queen Mary Hospital and Kwong Wah Hospital mentioned in the Budget. Yet, we have higher hopes that the Government will enhance the supporting healthcare hardware in public hospitals and properly handle the current and future problems brought by "doubly non-permanent resident pregnant women" as soon as possible.

President, regarding the education and healthcare issues which the Central Authorities think Hong Kong needs to address urgently, so far the Government still seems to have no solution. Nor does it have the courage to follow the legislative intent provided in the opinion of the Preparatory Committee for the Hong Kong Special Administrative Region in 1996, thus paving the way for the present influx of "doubly non-permanent resident pregnant women" to give birth in Hong Kong. President, I will, by way of a Private Member's Bill, propose to amend the Immigration Ordinance to resume the execution of the legislative

intent provided in the opinion of the Preparatory Committee in 1996, as well as the protection of local residents' interests in the Sino-British Joint Declaration, so as to address the issue of the right of abode of babies born to parents who are both non-permanent residents of Hong Kong.

President, I wish to submit this Bill to the Legislative Council by the end of the month, though I know that the introduction of a Private Member's Bill needs to go through three hurdles, namely, approval of the Legislative Council President, written consent of the Chief Executive, and voting. Nevertheless, I wish to make my humble effort for the 7 million Hong Kong people and propose a solution to the deep-rooted problems which the whole population is highly concerned with and the Government has no courage to resolve.

Lastly, regarding the housing problem in Hong Kong, I welcome the proposal in the Budget on inviting the Urban Renewal Authority to launch redevelopment projects of industrial buildings so as to facilitate the revitalization of industrial buildings and release more sites for commercial or residential development. I hope that when the Government studies the relevant details, it will further accept our suggestion of providing premium concessions for the conversion of industrial buildings to residential housing. This is not transfer of benefits because if the premium payment is lower, the new redeveloped buildings can be put on sale at lower prices, and such a practice can also encourage redevelopment. At the same time, flat size and flat number restrictions should be imposed so as to construct housing units which suit the needs of Hong Kong people, thereby preventing such housing from being turned into luxury flats.

Besides, I hope that the Government will resume regular land sales to stabilize the property market. The land sale policy should develop with a two-pronged approach. Instead of solely relying on the Application List system, the Government should take the initiative to conduct regular land sales, formulate a long-term land supply policy, review annually the housing demand, supply the corresponding amount of land, as well as predict the demand for housing and land in the next few years. Only then will it be genuinely able to address the outstanding deep-rooted problems in Hong Kong as mentioned by the Central Authorities.

Many people say that the Financial Secretary is a miser, but I do not find the Secretary miserly because in this year's Budget, he has indeed listened to

views of people from all walks of life. For the middle class and SMEs, this year the Financial Secretary has also proposed some supporting measures. Regarding the problems which we are facing now, such as the financial tsunami, and the unstable economic and financial situations overseas, particularly in the European and American countries, as well as the inflation problem, he has put forward some solutions. I think this is the most balanced and the best budget over the past five years.

I would also like to take this opportunity to advise the coming new Chief Executive that he should never to tilt towards any side in the formulation of new policies, and that he must balance the interests of all parties in society. There are three Chief Executive candidates, one of whom is listening to my speech right now. I also hope the other two will pay more heed to our views through other channels so that all matters, ranging from major issues like administration and legislation to minor issues like hygiene and waste treatment, will be handled properly.

With these remarks, President, I support the Appropriation Bill 2012.

MR WONG KWOK-HING (in Cantonese): President, before the announcement of the Budget this year, the Hong Kong Federation of Trade Unions (FTU) published a report on 24 November last year on containing inflation, securing livelihood and promoting employment, and made proposals that covered 14 aspects. We had also met with the Financial Secretary. We are delighted to note that he has adopted some of our proposals in his Budget. However, as a considerable part of our proposals have not been adopted, we will perseveringly take follow-up actions.

As the current-term Government only has several months left, the implementation of the proposals as announced in the Financial Secretary's Budget will have to be undertaken by the next government. So, the Government has the responsibility to make preparations for the next government. In the course of the Chief Executive Election, we note from the platforms of Mr LEUNG Chun-ying and Mr Henry TANG that they had considered and adopted some proposals of the FTU, we welcome that. No matter who wins the election, we urge the person elected to implement the FTU's proposals as stated in his platform.

Weeks ago, the Financial Secretary finally made a breakthrough in proposing relief measures in the Budget to help the "N-nothings". We appreciate this effort. Nevertheless, we hope that the Government's support to the "N-nothings" will not just be one-off measures of handing out cash. Instead, it should set up accounts for the "N-nothing" group, so as to facilitate follow-up and support in the future, with a view to providing effective assistance to these socially disadvantaged groups.

President, I would like to make use of my remaining speaking time to talk about three issues. First, regarding this year's Budget, I have, as in the past, focused on raising written questions under my name on 25 government departments that have employed more contract and outsourced staff and have engaged the services of intermediary companies. I have raised 77 questions which covered 40 areas. I am grateful to the staff of my office for conducting analysis and compiling detailed statistics on the information collected, and for preparing this paper to set out the statistical data on these 25 departments. We will later provide this paper to the Financial Secretary for his reference.

Based on the statistics and analysis, I am going to present awards to the winners among these 25 departments in terms of the numbers of the abovementioned three categories of employees employed. First of all, I would present a prize to the departments that have employed the greatest numbers of non-civil service contract staff. The champion this year is the Education Bureau which has employed 1 238 such employees, the first runner-up is the Leisure and Cultural Services Department (LCSD) and the second runner-up is the Department of Health (DH). We originally had eight prizes but I will just announce the results for five prizes due to the time constraint.

The second prize will be awarded to the departments with contract staff serving the longest period of time. The champion is the LCSD, the number of contract staff who have served for more than five years is 566; the first runner-up is the DH with 342 such contract staff and the second runner-up is the Education Bureau with 246 such contract staff; the fourth winner is the Student Financial Assistance Agency with 174 such contract staff. The Chief Executive, Mr Donald TSANG, had once committed at the general meeting of the labour sector that non-civil service posts would be converted to permanent civil service post if the needs for permanent establishment of these positions and provision of these services were confirmed. Even though the Government has made small steps

forward in the past year or so, that is not enough and we hope that the Chief Executive will honour his commitment and recruit more civil servants to replace contract staff.

The third prize is awarded to the government departments employing the largest number of outsourced staff; this is another issue of concern. The champion this year is the Food and Environmental Hygiene Department (FEHD), the first runner-up is the LCSD, the second runner-up is the Transport Department while the fourth winner is the Hong Kong Police Force. The first three winners this year, that is, the FEHD, the LCSD and the Transport Department were also the winners of last year. In particular, the FEHD has employed 11 593 outsourced staff. The FTU opposes outsourced services and considers that such service is a kind of exploitation, which is extremely unfair to employees.

The fourth prize is related to the percentage of outsourced staff to the total number of departmental staff. The findings can be described as exaggerating and astonishing. The champion this year is the Government Property Agency, and the percentage is as high as 928.3%; that is, only one civil servant will be employed after it has employed nine outsourced staff. The first runner-up is the LCSD and the second runner-up is the FEHD. The LCSD and the FEHD have the largest number of outsourced staff among other government departments, which often affect the quality of government services and the case of "fattening the top and thinning the bottom" is most serious.

The fifth prize is related to the services of intermediary companies, which revealed another problem. Such employees are more pitiful because they are not directly employed by the Government, and they are not contract or outsourced staff. They just provide services through employment agencies. The champion is the Buildings Department; the first runner-up is the DH and the second runner-up is the Transport Department. I hope that the Financial Secretary, after learning the above award results, would conduct a review and put an end to this situation, so as not to create conflicts due to unequal pay for equal work and working poverty.

President, I am now going to talk about another issue, and in doing so, I have to present this amputated leg again. Not only so, I have brought with me a real artificial limb today. What is the issue that I am going to discuss? The

Government plans to introduce public transport concessions for elderly persons and people with disabilities in the middle of this year. However, this measure seriously discriminates against people with disabilities because they have to meet the requirements for disability allowance before they can enjoy concessionary fares. Those eligible for disability allowance must have a 100% disability. According to the reply I received from the Government, a person with a 100% disability should have lost two of his four limbs. In other words, a person must lost one arm and one leg, or both legs or both arms before he meets the 100% disability criterion and enjoys concessionary fares.

I consider this measure unfair, unjust and inhuman. Is a person who has lost one leg not a person with disability? President, this artificial limb belongs to a disabled person, he has taken it off so that I can bring it to the Chamber today and show it to Members. This artificial limb belongs to a person who has lost one leg and he has to replace the limb after a certain time due to the wear and tear, and shrinkage of bones and muscles. Does such a person not deserve our sympathy? Can we not let him enjoy a \$2 concessionary fare? What kind of society is this? Is it fair for the Government to introduce a \$2 concessionary fare? Will this further intensify conflicts?

Concerning this demand, I have collected some 5 000 signatures on the street and I have approached the campaign offices of Mr LEUNG Chun-ying and Mr Henry TANG to request for a meeting. We had a meeting with Mrs Fanny LAW, Director of the campaign office of Mr LEUNG Chun-ying. Mr Henry TANG met us in person. Both candidates indicated that if elected, they would ensure that all people with disabilities, including those losing one limb, would be able to enjoy a concessionary fare of \$2 a trip.

I would like to ask the Financial Secretary: as such out-dated government policies and measures will only remain in place for a few more months at most, why should the Government bother to do so? Why do the authorities not complement the policy objectives of the Chief Executive candidate who will most likely be elected this Sunday? Now that the two Chief Executive candidates have clearly made their commitments, I believe the authorities must change and improve this out-dated practice.

President, I would like to spend my remaining speaking time to talk about the third issue. In introducing a \$2 concessionary fare, it appears to us that the

Government has practiced favouritism. The coverage of the concession includes the MTR. Since trams also run on rails, why trams are not covered under the concessionary fare scheme; is this favouritism practiced by the Government? Why franchised buses but not minibuses are covered under the concessionary fare scheme?

In my view, the Government lacks comprehensive planning in introducing the concessionary fare scheme, and thus giving rise to conflicts. I absolutely do not appreciate this practice of favouritism. The Government claimed that there were difficulties in implementing concessionary fares for minibus as there are a wide range of concessions, and there are also problems with the use of Octopus card. I do not want to argue with the Government, I just cite the example of trams to point out that the Government's excuses do not hold water.

Trams have been installed with Octopus card systems and at present, half-fare concessions are offered to elderly persons and people with disabilities, they only have to pay \$1 a trip. At present, over 30 000 elderly persons or people with disabilities travel on trams each day; thus the number of passenger-trip is around 1 million each month, and around 12 million each year. If the Government is to provide fare concessions to tram passengers, the practice is simple, elderly persons or people with disabilities can take free ride on trams. Such practice is not complicated and no technical difficulties are involved. As the Hong Kong Tramways Limited already has the relevant data, no computation is required. Why does the Government not even consider that? Does it lack money? It definitely has the money. It only needs to spend \$1 million each month and \$12 million each year. Being a traditional mode of transport, tram has served Hong Kong for 108 years; elderly persons and people with disabilities have benefited from its service. Why does the Government not give these passengers a free ride? The number of passenger-trips is only some 30 000 each day and some 1 million each month.

In fact, the current proposal of offering a concessionary fare of \$2 a trip is not a generous act from the Government, and I would say that it is rather mean. Many elderly persons have told me that they can now have free rides in Shenzhen after crossing the Lo Wu Bridge. As Hong Kong has a huge surplus, why not take one more step forward? Is that unaffordable by the Government? This is definitely not the case.

Hence, President, I sincerely hope that the Financial Secretary and the Directors of Bureaux concerned can consider extending the concessionary fare measure to trams, which can be easily and immediately implemented, so that elderly persons and people with disabilities can be given a free ride. My request is far from demanding and it is actually very humble. I really hope that the Government would seriously consider my suggestion. When the Government submits the concessionary fare proposal to this Council after the Budget has been approved, I hope it will include trams in the scheme so as to benefit elderly persons and people with disabilities.

President, though I have focused on discussing the above three issues today, I also hope that, in respect of issues such as elderly welfare and 15-year free education, the Government would play a supporting role to (*The buzzer sounded*)

PRESIDENT (in Cantonese): Mr WONG, your speaking time is up.

MR WONG KWOK-HING (in Cantonese): the new Chief Executive's administration. Thank you.

MR TIMOTHY FOK (in Cantonese): President, this year, the current-term SAR Government will be handed over to the next term. This change of power will bring tremendous shock to our political and economic environments. Today, in this Council, we give proposals and suggestions on the economic development and budgetary arrangements for the coming year; yet in just four days, a new Chief Executive will be elected. By then, everything will have to follow the platform of the Chief Executive-elect. Regarding this Budget, we cannot at this moment tell or speculate, with the change of Government, how many of the proposals will be retained, and how many of the proposals will be subject to changes.

Actually, this battle of the Chief Executive Election has been overwhelmed by extensive criticisms, hearsays and mud-slinging, where the political landscape of Hong Kong is left in the fog and caught in a dilemma. Fortunately, Financial Secretary John TSANG has been able to uphold the principle of maintaining a

prudent and healthy Budget. He does not ambitiously claim credits but seeks to properly fulfil the important responsibility of a caretaker Government, bringing the function of stabilizing society to full play. From this perspective, I regard this final Budget of the current-term Government a great success. It has been almost two months since the announcement of the Budget. At the initial stage, some people had voiced out for the unfair treatment for the "N-nothings". Apart from that, we have not heard many criticisms about the Budget at other time, and the popularity rating of the Budget has remained at a high level. This achievement should be attributed to the efforts made by the current Government, which Hong Kong people in general are glad to see.

Given the bleak economic prospects in Europe and the United States, there is an increasing risk of a sharp deterioration of the external environment, and we are thus exposed to considerable dangers in future economic development. The Financial Secretary has boldly decided not to give "cash handouts" to everyone, and instead integrated measures amounting to HK\$80 billion will be implemented to bring Hong Kong's economy out of the quagmire. The strategy of "supporting enterprises to preserve employment and promoting economic development to protect people's livelihood" has attracted the most attention, it seeks to assist small and medium enterprises (SMEs) and alleviate the difficulties of the grassroots.

Small and medium enterprises provide the impetus for economic development and employment opportunities. According to the statistics of the Census and Statistics Department, there are about 300 000 SMEs in Hong Kong, accounting for over 98% of all local enterprises, and employing more than 1.2 million people, constituting half of the total employment in the private sector. A number of supportive measures for SMEs have been proposed in the Budget, which include the enhanced SME Financing Guarantee Scheme launched by the Hong Kong Mortgage Corporation Limited, more favourable policy provisions for SMEs introduced by the Hong Kong Export Credit Insurance Corporation, as well as waiving and reducing business registration fees, profits tax and charges for import and export declaration.

As a caretaker Government, the Government definitely should not adopt a "free-hand" approach and care about nothing. Apart from supporting enterprises, it should introduce measures to protect employment, maintain people's livelihood, stabilize the finance system, increase land supply and utilize

social capital, and so on. In the face of various uncertainties overseas, it should, in particular, save for the rainy days and prepare for the challenges ahead. In addition to assisting enterprises to tide over economic difficulties, it should protect employment and increase people's cash in hand.

From a micro perspective to a macro perspective, the Budget must contain the following two strategies. First, it should enable the low-income class to catch up with the development pace of society and get the opportunity of upward mobility. Second, it should promote fairness in society and enhance the sharing of resources while avoiding falling into the state of welfarism. The Government must deal with the dangers effectively, trim the toes to fit the shoes is a low-level operation. Sustainable development in society relies on significant advancement. In Hong Kong today, this means proper co-ordination of the integration of Guangdong, Hong Kong and Macao.

As a "city of opportunities" in the region, the rise and fall of Hong Kong depends significantly on our ability to capitalize on the competitive edges we enjoy at present, particularly the National 12th Five-Year Plan and the 36 measures on co-operation between China and Hong Kong in the economic, trading and finance fields. However, these issues are only mentioned briefly and lightly in the Budget, with no actions or supporting infrastructure facilities being introduced, save for the slogan-chanting mode of policy declarations. Since this Budget is a conclusion of the governance of the incumbent Government, which provides the policy vision for the next Government, no slackness is allowed. From the election battle of the Chief Executive, we realize clearly that opportunities are for the well-prepared. This is so in political election, as well as in economy and people's livelihood. If Hong Kong is to get a ride on the "economic express train" of China, it must make proactive efforts to play a more significant role in the integration of Guangdong, Hong Kong and Macao and in the promotion of development projects in Qianhai, Nansha and Hengqin. We should cast away the "Big Hong Kong" mentality, for only achievements and effectiveness count in the assessment.

At the "Two meetings"¹ this year, WANG Yang, Member of the Political Bureau and Secretary of the Guangdong Provincial Party Committee, emphasized sincerely that unwillingness to adjust the attitude, accept the reality and endure

¹ Two meetings usually refers to the plenary sessions of the Chinese People's Political Consultative Conference and the National People's Congress

the temporary sharp pain of restructuring will result in the permanent pain leading to the decline and downfall. Today, Hong Kong is faced with the decision of enduring the temporary and sharp pain of restructuring. Certainly, it is most important that the current Government will endeavour to stand firm in its position in its remaining tenure, whereas the new Government which will take over soon should get ready for the seamless integration, so as to inject the greatest magnitude of positive power for the economic development of Hong Kong and integration of Guangdong, Hong Kong and Macao.

With these remarks, I support the motion.

DR MARGARET NG (in Cantonese): President, genuine rule of law is built on the genuine independence of the judiciary. The basic requirements are having an adequate number of Judges at all levels of courts, and each Judge should be a person of integrity and ability. However, under the existing establishment of the Judiciary of the HKSAR, there are only 189 judicial officers and Judges, of which only 144 posts are filled substantively, and 45 posts, which account for nearly one fourth of the establishment, are vacant.

Due to the prolonged shortage of Judges, the waiting time for hearing of cases has become increasingly longer. For the appeals of criminal cases, the waiting time is six months in general. In some cases, by the time the appeals of the defendants are allowed by the Court of Final Appeal, the defendants may have completed their sentence in prison. To these people, are there any differences between this belated justice and injustice?

By the same token, the delay in handling the appeal of civil cases is also unfair to the appellants, for the impact on their daily life may be even greater than criminal prosecution.

The nuisances caused by prolonged court waiting time, prolonged hearing and the long time taken to deliver judgments on cases after the conclusion of hearings have by and by become the norm. What has gone wrong with our judiciary system? Why has the problem not been addressed?

The Judiciary Administrator explained in her speech at the Finance Committee that 45 vacancies had arisen mainly from the retirement and elevation of a number of Judges and judicial officers, and recruitment exercises had been

launched by the Judiciary since June last year, which had to be carried out several times and expected to be completed by autumn this year. She admitted that, and I quote, "Meanwhile, the level of substantive judicial manpower has been affected. There are some pressure points, particularly in the High Court, and these have resulted in the lengthening of court waiting times." (End of quote)

To address the situation, the Judiciary has been engaging deputy Judges as a short-term measure. However, as the Judiciary Administrator said, and I quote, "there is a limit to which the workload can be helped out by the appointment of deputy Judges and judicial officers and that the judicial manpower situation must ultimately be addressed by filling the vacancies substantively." (End of quote)

I absolutely agree with this. Yet, though the Judiciary Administrator understands the importance of the issue, why the recruitment exercises have failed to cope with the manpower needs? Since retirement and elevation of officers are expected, why better arrangements have not been made? I hope the Judiciary Administrator will accomplish this important task properly by all means to cope with the needs of courts, so as to ensure that judicial justice is done to the public.

President, the quality of judicial officer is as important as the quantity. The requirements on magistrates responsible for handling routine minor criminal cases are naturally different from those on Judges of the High Court and the Court of Appeal, for the rulings of higher courts will set binding precedent. The sustainability of the rule of law relies on fair court judgments that convince people with rule and reasons, which will in turn build up the confidence of the public on the judiciary system, consolidate and develop the common law system in Hong Kong. The common law system imposes stringent requirements on the learning and conduct of Judges. There should be adequate qualified substantive Judges at all levels of courts, so as to enable the Judiciary to fulfil its constitutional obligation which is of great importance.

I often hear comments that though the number of cases in recent years remains almost the same, the cases are of increasing complexity and consequently, longer hearing period is needed. As such, litigants have to bear increasing pressure in terms of resources. Whether adjudicating Judges can meet the specific requirements of the level of courts presided may be one of the factors leading to this vicious cycle. If the first trial is not properly conducted, the

number of appeal cases will increase. As the hearing period extends, the exorbitant charges of lawyers may not be well afforded by the average public. As a result, more litigants who fail to obtain legal aid will choose self-representation. With an increasing number of litigants not represented by lawyers, the trial process will slow down as these litigants are not familiar with court proceedings. With due respect to courts and Judges, I am really worried that if the problem is allowed to run its course, the judiciary system which Hong Kong people have got used to can no longer be sustained.

President, the Judiciary Administrator indicated to the Finance Committee that apart from the possible creation of two additional posts respectively to cope with the increased workload arising from compulsory sale of land and the Competition Tribunal to be established in future, the existing establishment of the Judiciary was adequate. I beg to differ.

Let me just quote one example to illustrate my point. Last year, there were 23 000 divorce cases in Hong Kong. Yet, the Family Court only has eight Judges and seven courts. Though only a small number of cases involve disputes on estate or child custody, the workload of each Judge is really heavy. As the handling of family cases will have significant and far-reaching impacts on the divorced parents and their children, we can imagine the heavy pressure faced by these Judges as they have to handle a number of cases at the same time. How can we say that the establishment of eight Judges is adequate?

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

Under the system of the SAR, Judges cannot voice their opinions in this Council. Nominally, the Chief Secretary for Administration is responsible to speak on behalf of the Judiciary, yet in reality, he has never said or done anything to meet the needs of the Judiciary. Judges are also practitioners in the legal sector; they are not machines for handling trials. They need time and suitable work arrangement to properly perform their important responsibilities. Members of the Panel on Administration of Justice and Legal Services are always gravely concerned about the manpower and resource needs of the Judiciary, so I hope that the Government will respond to this seriously.

Deputy President, the Director of Home Affairs has recently introduced a pilot scheme to provide free legal advice service on civil proceedings to unrepresented litigants. The estimated expenditure is \$9.2 million. Though the amount is meagre, I believe this is a right step forward. I hope that more members in the legal sector will contribute their expertise and time to provide free assistance, for the assistance they rendered will not only benefit the unrepresented litigants, but will also save the time of courts, and persons represented by lawyers will benefit indirectly when time wastage is reduced at court.

However, the discussion of the pilot scheme has exposed the root of the problem, that is, the inadequacy of legal aid. The two lawyer associations are not quite enthusiastic about the pilot scheme, for they consider it difficult to give legal advice on procedural matters without considering the merits or otherwise of the cases. Judges have also expressed reservation in this respect. However, the legal sector and judges both consider that the existing situation is extremely unsatisfactory, and some assistance is better than none.

To be fair, this year and last year, the authorities have adopted a relatively proactive attitude in responding to the proposals from Members and professional organizations of the legal sector in improving legal aid, so as to enable more people to receive assistance. However, the extent of improvement is too limited and the pace too slow. The authorities must make a greater effort to address the needs of society. As stated in a poster of the Legal Aid Department, "Legal Aid Service is not free". Actually, even if an applicant is granted legal aid, the legal aid contributions he or she has to bear may sometimes be substantial, and the applicant may consider the amount unaffordable. Given the financial strength of Hong Kong, the Financial Secretary should increase the provision for legal aid. If the SAR Government considers that the rule of law is the core value of Hong Kong, it should prove this with practical actions and provide adequate resources. Thank you.

MR LAU WONG-FAT (in Cantonese): Deputy President, one bright spot of the Budget this year is the Government's change of attitude. In the past, the Government turned a blind eye to the financial plight of the middle class, but this time, it treats them in a fairer and more reasonable manner. It has redressed the long-standing grievances of the middle class. I think this is a fair comment.

In the final Budget of the current-term Government, Financial Secretary John TSANG has prescribed a series of relief measures benefiting the middle class, which include rebate for salaries tax, increase of various tax allowances, such as basic allowance, child allowance and the allowance for dependent parents, as well as extension of the entitlement period for the tax deduction for home loan interest to 15 years, and so on. These measures are beyond the expectation of the middle class. They are delighted because after years of being neglected, isolated and without given any help, they have become accustomed to such treatment and have not harboured high hope on the Government. Against this background, the farewell lavish concessions offered by the Financial Secretary to the middle class to alleviate their burdens are comparable to a shower after a long drought, and the middle class are deeply impressed.

In the past, I had repeatedly criticized the Government for its unfair treatment of the middle class. In the debate on the Policy Address last year, I pointed out that the middle class was left to fend for themselves in *de facto*. They had to shoulder heavy financial burdens for a prolonged period. Many families could merely make ends meet after paying tax and expenses on housing, medical, children's education and transports, and so on, and some families had to live beyond their income. Their standard of living and sense of security were not even on a par with grass-roots families.

According to the *Dao De Jing* (道德經) of Laozi (老子), "It is the Way of Heaven to diminish superabundance, and to supplement deficiency."² The purposes for formulating the tax regime and welfare measures are to ensure a fairer distribution of wealth and resources in society, and a smaller wealth gap, so as to promote stability and harmony in society and to maintain peace. This is the criterion adopted for assessing whether a government is competent and whether it has enforced justice for Heaven. A government must give due regard to the interests of members of all strata of society, without any favouritism. It should lead the public to achieve prosperity together.

I hope that the Government does not act on impulse in providing relief measures for the middle class, instead it should be aware that different strata are important components of society, which should be treated fairly and reasonably in

² <<http://ctext.org/dao-de-jing>>

the long term. In my view, if any government ignores this principle, its efforts to achieve smooth governance and harmony will only end in vain.

Deputy President, the "cash handout" measure initiated by the Financial Secretary last year was a complete flop. While the Government has also recorded colossal surplus this year, it definitely will not give "cash handouts", given the lesson learnt last year. The Government's decision of not giving "cash handouts" has not aroused complaints from the public, indicating that Hong Kong people will give due regard to the overall situation of the territory rather than coveting money. In ancient times, the Government would open food depots in times of natural disasters and famine to distribute food to the people. Though the public coffers are now "flooded" with cash, the Government does not need to give "cash handouts". It may instead use some surplus to implement familiar measures, such as the provision of subsidy for residential electricity tariff, one month extra payment for recipients of Comprehensive Social Security Assistance (CSSA), "fruit grant" and Disability Allowance, and waiving of rents for public housing tenants for a certain period, and so on. These measures have been implemented for a number of years, and have become standardized practices for handing out "sweeteners". In times of economic downturn, these measures can be regarded as measures to alleviate the plight of the public, and in times of a buoyant economy, these measures can be regarded as sharing the fruits of economic prosperity.

However, if public money is to be well spent for achieving the greatest cost-effectiveness, a longer term planning is needed. The Government's eventual decision to commence the redevelopment of Queen Mary Hospital and Kwong Wah Hospital has won extensive support and commendation from the public. This is the best way of utilizing resources. The Government should follow this direction to spend more public money on increasing land supply for rationalizing accommodation demand, providing comprehensive quality education, offering reliable medical protection and addressing effectively the challenges arisen from ageing population. All these issues are crucial to the long-term development of Hong Kong and the well-being of our future generations to which the SAR leaders must attach the highest importance.

Deputy President, I would like to talk about the estimated deficit and surplus of the Budget. I recall that at the budget debate held many years ago, I had criticized the serious discrepancies frequently found in the estimates.

According to the statistics provided by a newspaper last month, the four budgets delivered by Financial Secretary John TSANG had all turned from loss to profit, and the underestimated income for each budget is \$60 billion on average. He is the most "inaccurate" Financial Secretary since the reunification. To be fair, inaccurate budgetary estimate was also a common phenomenon during the era of the British Hong Kong Government. I would say that this long-standing phenomenon has become more prevalent.

The Budget is of great significance. The enormous discrepancy between the estimated deficit and the actual surplus should mainly be attributed to the underestimation of government income. If such serious inaccuracy has become a norm, the solemnity and authority of the budget will be hampered, and people will query whether proposals in the budget, in particular long-term planning, are based on reasonable considerations. It is stipulated in the Basic Law that the SAR Government should follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance and avoid deficits. As such, the officials concerned will naturally adopt a conservative approach in estimating income and drawing up expenditure items to avoid contravening this "imperial requirement". When the revenues are inaccurately estimated, the expenditure will naturally be distorted, which will hardly be in line with the actual revenue. Inevitably, the Government has been ridiculed for being a skinflint without any long-term commitments.

Though it is not easy to estimate government revenue, the constant and significant inaccuracies are unacceptable and undesirable by all accounts. In this connection, since the Financial Secretary has "cried wolf" so many times, I think his estimates on deficits or surplus in his farewell Budget can hardly be convincing. If that is the case, what is the point of making the estimate? I hope that the next Government will face this issue squarely and identify ways for improvement.

Deputy President, since the reunification, Hong Kong and the Mainland have undergone rapid integration, and coupled with the frequent exchanges on all fronts, as well as policies and measures like the Individual Visit Schemes, Hong Kong has gained tremendous economic benefits. However, the relevant policies and measures are two sides of the same coin; while there are economic benefits, a number of problems have also emerged. For instance, rising rental for shop premises, high property prices, soaring prices for certain "sought-after" items,

tight supply of medical services and school places in certain districts, increasing number of Mainland visitors and decreasing number of overseas visitors to Hong Kong, as well as the cultural differences between Hong Kong people and Mainlanders. Conflicts have thus been intensified, which have even given rise to anti-foreign sentiment.

Conflicts have not only arisen in areas of economy, employment, taxation, the provision and use of social resources and services, but also the mutual exchanges and relationship between the people in Hong Kong and the Mainland. The impact is significant and far-reaching. I propose that the Government should set up an inter-departmental task force expeditiously to seriously monitor and examine the relevant issues, so as to adopt effective measures to address the problems to prevent the occurrence of any major "chaos". I think this is an imminent task that a vigilant government which has a sense of crisis should implement proactively.

I so submit. Thank you, Deputy President.

DR JOSEPH LEE (in Cantonese): Deputy President, I am going to focus my discussion on two areas, namely healthcare services and elderly care services, in this session.

This year, the Government has earmarked about \$59 billion for the development of healthcare services in Hong Kong, of which \$45 billion is the recurrent expenditure allocated to the Hospital Authority (HA) and the Department of Health (DH), and \$18 billion is allocated for hospital expansion projects. Of course, we welcome various hospital construction and expansion projects, including North Lantau Hospital, Tseung Kwan O Hospital, the future Tin Shui Wai Hospital, the paediatric medical centre at Kai Tak, as well as the expansion of United Christian Hospital, Kwong Wah Hospital and Queen Mary Hospital. While we welcome these projects, the pace of expansion is worrying because the time taken is seemingly too long. I do not know whether additional funding will be earmarked by the Financial Secretary to expedite the work progress, so that these expansion projects can be completed as soon as possible to minimize the impact of service disruption. This is something we hope the Administration can achieve.

Secondly, certain resources have been allocated by the Government to the HA to enhance its services, which include dialysis treatment, neonatal intensive care services, health risk assessment for diabetes mellitus and hypertension patients, and so on. We welcome this initiative. However, the problem is, given the acute shortage of healthcare personnel, including doctors and nurses, can the allocated provision really achieve the intended objective? Or does it mean that notwithstanding the provision allocated, the problem of manpower shortage would become more severe with additional services? The Secretary is in the Chamber now, I think he has to consider what measures can be taken to achieve greater efficiency in terms of resource allocation. We of course welcome the provision of new services. But given the manpower shortage, the Secretary has to give in-depth consideration as regards how resources can be allocated to support the provision of new services.

I would like to raise another point, that is, there are some relatively good resources in the community which can be utilized to complement and enhance public healthcare services. At present, there are some chiropractors in private practice in the community. These chiropractors mainly treat spinal disorders. For instance, they can provide treatment to relieve the patients' discomforts in hands, legs, neck, and so on. But regrettably, chiropractors cannot practice in public hospitals under the existing system. That is really a waste of resources.

For the past five years, chiropractors have been holding some major events annually to collaborate with schools to provide spinal assessment services (that is, back development) for school children. They have done a lot of work in relation to health promotion and disease prevention. Despite the important role played by chiropractors, the HA is unwilling — I know a lot of work has been done by the Secretary in this regard — but the HA is unwilling to allow these chiropractors to provide service in public hospitals. That is really a waste of resources. Of course, perhaps some resources have in fact been provided by the Financial Secretary to the HA to attain synergy between the public and private healthcare sectors, such that chiropractors can provide service in public hospitals and these community resources will be put to proper use and not be wasted. I think if additional resources can be provided by the Financial Secretary to the HA for the appointment of chiropractors to provide service to patients in the public healthcare system, it will be highly beneficial to those who suffer from pains of the four limbs, cervical vertebrae or lumbar vertebrae.

Optometrists are other resources in our community. Many people now present in the Chamber may have to wear glasses and they have to undergo eye examinations in the community. It is also trendy for people to wear colour contact lens. Optometrists play an important gatekeeper role because when we undergo an eye examination, optometrists can detect potential eye diseases with their professional knowledge. However, the current system is very strange. Even when an optometrist detects that his customer is suffering from certain eye diseases — for example, if Dr Joseph LEE is found to have certain eye diseases — the optometrist cannot refer his customer to the optometry department of public hospitals for follow-up. The customer concerned must first consult a private medical practitioner for a referral letter. I think that is a waste of resources.

If additional allocation can be made under the Budget so that optometrists working in the community can directly refer needy persons to specialist clinics for treatment, our healthcare services can be enhanced and persons with eye diseases can receive prompt medical treatment. The Government should consider this suggestion because it can optimize the use of our existing community resources.

Just now, the problem of "doubly non-permanent resident babies" was mentioned by some Honourable colleagues, their attention is focused on the Maternal and Child Health Centres (MCHCs), but not hospitals. At present, half of the services provided by the MCHCs are taken up by "doubly non-permanent resident babies". In other words, a large proportion of such services are taken up by these babies. According to a survey conducted by the Association of Hong Kong Nursing Staff, the existing workload is overwhelming for both nurses and the MCHCs. Not much resource has been allocated to the DH in the current Budget. Although the Financial Secretary has pledged an additional \$32 million for expansion of services and manpower of the MCHCs in Fan Ling and Hung Hom, there are altogether 26 MCHCs in Hong Kong, and resource allocation is only made to two MCHCs for additional manpower. What about the remaining 24 MCHCs? Even for the two MCHCs, the additional resources will only be sufficient to employ about one more nurse respectively. How can this meet the demand of such a heavy workload? I hope the Financial Secretary will consider allocating additional resources to the HA in the Budget to cope with the problem brought by "doubly non-permanent resident babies" taking up MCHC services.

Speaking of the DH, I must talk about the pathetic situation faced by the DH presently. The DH is responsible for taking care of the well-being of more than 6 million people in Hong Kong. Yet under this year's Budget, only \$58 million has been allocated to the DH for work relating to smoking cessation services. We of course support such work as smoking cessation is desirable. However, not many resources have been allocated for other initiatives of the DH. For instance, the DH is also responsible for areas of work in relation to health education, health promotion, disease prevention, and so on, but no dedicated funding has been earmarked. Of course, the DH is allocated with other resources, such as those under its recurrent expenditure. But has special provision been made in the Budget to enhance the work in these areas, so as to complement primary healthcare services in the healthcare reform? Primary healthcare services do not only involve family doctors; as family doctors work in the private sector, I hope the DH can also engage in health promotion work. However, how can such work be done without any funding? I hope the Financial Secretary can consider allocating additional funding to the DH in the Budget so that it can continue to carry out programmes to enhance community health.

Separately, I would like to talk about the injection into the Samaritan Fund. I think this is a good initiative. I believe that we all consider that this Fund I was pleasantly surprised to hear the announcement of this proposal by the Financial Secretary on that day, because definitely more people can be benefited. Although the injection of \$10 billion is intended to maintain the operation of the Fund over a certain period in future, it is hoped that some 2 300 more patients can be benefited each year. Nonetheless, after the announcement of the new calculation method for the means test, some views have been expressed and I have also received different comments. Under the original calculation method, both disposable assets and disposable income would be taken into account. But under the revised means test, allowance will be provided in calculating the total value of disposable assets but not disposable income. This may not be too helpful to some people. Hence, to make better use of the \$10 billion to benefit a greater number of patients, I suggest that allowance should also be given in calculating the disposable income of applicants, subject to a ceiling, that is, allowance is also provided when calculating the annual disposable income. Of course, with this proposal, the eligibility criteria of applicants with regard to their disposable income and disposable assets should also be adjusted proportionally. As such, the amount of overall allowance granted may change, leading to a

greater need of financial resources. But undeniably, this arrangement will benefit a greater number of patients, and I hope the Secretary for Food and Health as well as the Financial Secretary will consider my suggestion.

Moreover, I would like to talk about psychiatric services from the perspective of health or medical care because mental health is of great importance. Under this year's Budget, the Government proposed to allocate \$130 million to enhance mental health services, including the extension of the Case Management Programme from eight districts to 12 districts, the construction of Integrated Community Centres for Mental Wellness, and the provision of additional training places for psychiatric nurses. We of course welcome these initiatives. In terms of the overall situation, the existing government policy of promoting district-based rehabilitation services for mental patients has given rise to the problem of case management. While the Government's original intention is excellent as it hoped to recruit some 400 case managers to take care of 20 000 patients, the problem lies with the fact that there are currently some 40 000 persons suffering from severe mental illness in Hong Kong. It is of course desirable if 400 case managers can indeed be recruited to take care of 20 000 patients. Yet according to records, only some 138 case managers have been recruited over the past one or two years since the introduction of the Case Management Programme, and they can only take care of some 9 000 patients. Obviously, this is a case of inadequate manpower supply even with the provision of financial resources. This is a problem which the Secretary must deal with squarely.

Notwithstanding the additional funding provision in this year's Budget, is it really possible to recruit the necessary manpower to take care of these patients? We are skeptical about the situation. I hope the Secretary can review the Programme so as to increase its effectiveness, and consider whether there is a need to strengthen the training of case managers. Now, we can only recruit case managers from amongst nurses, social workers and occupational therapists. When there is also acute manpower shortage in these three professions, how can additional case managers be recruited to take care of mental patients? Is it possible to train additional social workers, nurses and occupational therapists so that they can become case managers to enhance the provision of services as well as the cost-effectiveness? Otherwise, I am worried that we must wait a long time before these 40 000-odd patients in the community can receive proper care.

In terms of manpower, there is also an acute shortage of community psychiatric nurses. At present, there are only about 120 community psychiatric nurses, and this level of manpower supply lags far behind the demand. While the HA intends to recruit 164 community psychiatric nurses, 40 places are still unfilled. What should be done then? In view of the issues related to case managers, and the confusing roles between community psychiatric nurses and case managers, it has become difficult to take care of mental patients in the community. I hope the Secretary can deal with this problem squarely. Of course, the problem of manpower shortage will not just disappear magically. Apart from the difficulty in recruiting sufficient manpower despite the availability of financial provision, the Secretary should in fact also consider whether our resources have been properly utilized to achieve greater efficiency. With the resources presently allocated by the Financial Secretary, we do not want to see that nothing can be achieved. This is indeed a grave problem.

Moreover, the scope of mental health services will be extended to include new services for persons with psychotic disorders. The problem is that under the current arrangement, financial resources will be provided for new services. But when new services are introduced, there is the problem of manpower shortage. What should be done then? I would like to ask the Secretary, at present money is available but manpower is in short supply; and the new services are simply provided with the current level of manpower, the problem of manpower shortage will become even more acute, and it is doubtful whether a satisfactory service standard can be maintained. Hence, in terms of resource allocation, is it necessary to consider how best the funding resources can be utilized? It will be a tough test for the Secretary to consider how to handle this area of work properly in the remaining few months of his term.

At this juncture, we should perhaps take stock of the present situation of mental health services in Hong Kong. If the policy of district-based rehabilitation services for mental patients is to continue, even though some resources are still available, the necessary support both in terms of hardware and software is actually far from satisfactory. Hence, is it possible to slow down the pace of development of district-based rehabilitation services, such that patients now staying in mental hospitals, such as the Kwai Chung Hospital and the Castle Peak Hospital, can stay longer under ward care. At present, the occupancy rate of the majority of psychiatric wards is only 77%. Given that these patients may not receive the necessary care and attention immediately should they return to the community, can the Government consider slowing down the pace of the

district-based rehabilitation services? I believe that on the premise of well utilization of resources, the Secretary should consider how best resources can be utilized to provide greater ease of mind to mental patients under rehabilitation either in the community or in hospitals.

I would also like to talk about elderly services. In this year's Budget, the Government proposed the new initiative of community care service voucher for the elderly. We of course welcome this initiative. But the amount to be provided under the scheme — currently at the consultation stage — is only in the range of some \$2,500 to \$4,500. However, we know that discussions have already been initiated in some community organizations, and views have been expressed that subsidy should also be provided to elderly persons suffering from chronic diseases (such as heart diseases, diabetes, or mild stroke) who are undergoing rehabilitation in the community. The amount of subsidy will not only pay for their visits to doctors — doctors alone may not suffice for rehabilitation — but also their bills to physiotherapist, occupational therapist, carers and nutritionists, so that patients can feel more at ease when they have to undergo rehabilitation in the community. This can also enhance the effectiveness of the community care service vouchers. Hence, the Financial Secretary may need to consider whether additional financial resources should be allocated. Instead of the proposed level of assistance at just \$2,500, it may be more desirable to increase the level to \$5,000.

Separately, we are relatively disappointed about the lack of provision on hospice services. Given the initiative to promote ageing at home, quite a number of elderly people would wish to spend their last days at home. Before their departure, they would need hospice care at home. Yet, at present, there are only 200 dedicated healthcare personnel in the HA to provide hospice care for elderly patients in the community who wish to spend their last days at home. This level of manpower is far from adequate. However, the Financial Secretary has not allocated any additional resources for such service. In order to truly realize the objective of ageing at home, and honour the wish of elderly patients to spend their last days at home, I hope the Financial Secretary will consider allocating more resources to enhance hospice services so that additional manpower can be recruited to take care of these people.

I would also like to talk about visiting pharmacist services. Since the launch of the Pilot Scheme on Visiting Pharmacist Service (the Scheme) in 2010, it has been well-received by all participating residential care homes for the elderly

(RCHEs). The aim of the Scheme is to enhance the management, handling and distribution of drugs in RCHEs through personal visits by pharmacists. In the past two years, about 8 000 visits have been made by visiting pharmacists, and such services were well-received by the participating RCHEs. However, the Scheme will expire soon and there is inadequate funding. I hope the Financial Secretary will consider providing continuous funding to the Scheme so that pharmacists can further improve drug management of RCHEs.

Last but not least, I would like to talk about the assessment of RCHEs, which is an important aspect of work in elderly services. However, it seems that the Government has not provided funding to the Social Welfare Department to conduct assessments on the service quality of RCHEs, which may have great impacts on the standard of service. If new funding resources are provided, it can enhance the monitoring and assessment of RCHEs, which can in turn improve elderly services.

I so submit. Thank you, Deputy President.

DR RAYMOND HO: Deputy President, in the past two months since the delivery of swansong Budget of Mr John TSANG, Financial Secretary, it has received less than expected attention from the media as the scandal-ridden candidates in the Chief Executive Election have stolen the limelight. The significance of this Budget must not be understated as Hong Kong is entering an uncharted territory. Externally, the sovereign debt crisis of the European Union (EU) is far from over. As an international financial and trading centre, it is difficult for Hong Kong to detach itself from its fallout should there be a turn for the worse in the crisis. Domestically, Hong Kong will be in a transition to a new government very soon. With these uncertainties lying ahead, a prudent and responsible budget should be an important anchor in our economy. In this context, I would say that this year's Budget should get a passing grade with the following comments.

Reducing the tax burden of the middle income group

The prosperity of the middle class is the chief engine of growth in an economy. Hong Kong is no exception. During the last three decades of the last century, the middle class in Hong Kong had been growing. This group grew

richer each year and made real progress in material terms. However, a spate of crises in the last decade has put this to an end. They included the Asian Financial Crisis in 1997, the SARS outbreak in 2003, the global financial tsunami in 2008 and currently, the sovereign debt crisis in the EU. Middle-class incomes have been stagnant for the past decade. At worst, they are not even keeping pace with inflation. The thinning of the middle class and the polarization of Hong Kong society is particularly worrying.

For years, I have been calling for the Government to take actions to reverse this disturbing trend. This ended up in some long-term measures, including increasing investment in infrastructure development which has created more employment opportunities. I will come back to this point when I speak on infrastructure development in the latter part of my speech. But for short-term measures, I welcome the Government's initiatives in reducing the burden of the middle income group. Benefiting 1.5 million taxpayers, a rebate of 75% of salaries tax for up to \$12,000 for 2011-2012 was amongst these measures. Other measures include raising the basic allowance to \$120,000 and married person's allowance to \$240,000. The allowance for maintaining a dependent parent or grandparent and the child allowance will be increased too. As I have been suggesting for years, extending the entitlement period for the tax deduction for home loan interest from 10 years of assessment to 15 years will surely benefit the middle class. Waiving rates for up to \$2,500 per quarter for each rateable property and an electricity subsidy of \$1,800 will further reduce their expenditure.

Promoting development of innovative industries

The international financial crises in recent years have highlighted the weakness of Hong Kong's over reliance on the financial sector. The massive exodus and relocation of our industries to the Mainland has also underlined the fact that our economy has been heavily reliant on the service industry.

For the past decade, I have been urging the Government to take measures to promote development of industries in Hong Kong. Although we now have the Hong Kong Science Park and the Hong Kong Applied Science and Technology Research Institute, their effect in promoting the development of innovative technology is limited. Furthermore, the Research and Development (R&D) Cash Rebate Scheme and the Small Entrepreneur Research Assistance

Programme under the Innovation and Technology Fund are not in a scale that could match the efforts of other economies and countries. We are obviously a notch below when compared to them. Our expenditure on R&D only accounts for 0.79% of the GDP. It is 2.7% in the United States, 1.4% in Mainland China and that will soon be raised to 2.5%, and in Japan it is 3.3%, 3.0% in South Korea, 2.3% in Taiwan and 2.2% in Singapore.

Experiences of many countries tell us that the start-up resources for R&D mostly come from the government concerned. That was the case of Japan in the 1960s and 1970s. It is imperative that the Government should increase its investment in R&D and provide private enterprises with incentives to increase their capability in this respect. Indeed, the Government should consider setting up a Technology Development Bureau to promote the development of innovative industries.

Support to Small and Medium Enterprises (SMEs)

The SMEs in Hong Kong, accounting for 98% of the total number of local enterprises, and employing over 1.2 million people, have been playing an important part in Hong Kong's economy. They have to deal with both shrinking markets and a severe credit crunch in the light of repeated global financial crises in recent years. I support the proposals initiated in the Budget that will benefit these enterprises. These include reduction of profits tax by 75% for up to \$12,000 for 2011-2012, no charge for business registration for the year, increasing the maximum loan guarantee ratio to 80% under the enhanced SME Financing Guarantee Scheme, and special concessions offered to SME policyholders by the Hong Kong Export Credit Insurance Corporation. These measures will help them tide over until the external business environment gets better.

Infrastructure development

Although the annual actual expenditure on capital works has increased threefold from \$20.5 billion in 2007-2008 to \$62.3 billion in 2012-2013 and is expected to increase to over \$70 billion per year in the next few years, there is no mention of any "post-10 major infrastructure projects" development plans in the Budget. The 10 major infrastructure projects are expected to be completed in a decade. If a steady volume of work for our professionals and workers in the

construction industry has to be maintained after their completion, it is time for the Government to plan ahead. The Government must take into account the longer lead time for new projects which involves a lengthy process in meeting various pre-construction requirements, such as public engagement exercise and environmental impact assessment studies. Projects such as the Central Kowloon Route, expansion of the MTR network to include the North Island Line and the Northern Link in the New Territories should therefore be expedited. As for cross-boundary infrastructure projects, longer time may be required as we have to work with the Mainland authorities. Talking about Central Kowloon Route, its construction is not yet on the horizon although the proposed expansion from its dual two-lane configuration to a dual three-lane configuration as suggested by me and a new alignment option that allows the preservation of the Yau Ma Tei Police Station were thoroughly discussed by this Council about four to five years ago.

We must plan ahead or risk driving our construction industry out of work with the completion of the 10 major infrastructure projects, I would say, around 2020. There are 350 000 people, including professionals, technicians, suppliers and workers in the construction industry. If their family members are also taken into account, for example, 3.5 persons per family, there are over 1 million people out of our 7 million population at stake. So is our economy as its performance has always been closely related to the ups and downs of the local construction industry.

For ensuring quality delivery of the public works projects, the Government must strengthen its professional staffing, including engineers, to cope with increasing workload arising from growing volume of projects. It is worth mentioning that public engagement exercise constituting an important process in ensuring smooth project delivery will also put a great strain on human resources.

Land supply

High property prices in Hong Kong are always a major concern of the public. The underlying cause of the problem is limited land supply. People of Hong Kong are most happy to see more initiatives to resolve the problem. Urban renewal as mentioned in this year's Budget can surely release more sites for development. Expediting the development of new development areas in the New Territories will be another feasible option. In addition, the Government ought to release more unutilized agricultural land for development purpose.

This is a total waste of precious resources as some of these lands have been used for purposes other than agricultural purposes, including container depots, parking spaces and storage sites for used car tyres and so on.

Meanwhile, I support the Government's earlier proposal on increasing land supply by reclamation outside the Victoria Harbour and rock cavern development. Not long ago, the Government announced that there were 25 possible reclamation sites under four major categories, namely, artificial islands, reclamation to connect islands, reclamation on artificial or disturbed shorelines, and reclamation on natural but not protected shorelines. I am sure the Government will take into consideration public input after the completion of the Stage 1 Public Engagement exercise by the end of this month.

The ibond

A further issuance of the ibond is most welcome as it offers Hong Kong residents an additional investment option under the current low interest environment. The Government should continue to develop the local bond market in Hong Kong through the Government Bond Programme. The development of a mature local bond market can surely help strengthen Hong Kong's position as an international financial centre.

Fiscal Reserve

Although I do not agree with the Government's practice in setting up its fiscal reserve comfort zone at a very high level, it is wise to take a more conservative approach at this point in time, given the uncertainties hanging over the EU sovereign debt crisis. Fiscal reserves equivalent to at least 12 months of government expenditure would normally suffice. In this respect, Hong Kong is in a very good shape given its current saving of \$662.1 billion, equivalent to 22 months of government expenditure.

Education

It is disappointing that the Government has not extended free education to 15 years although it recognizes its importance. The implementation of 15-year free education is compatible with the Government's long-standing student-oriented education policy of attaching importance to the philosophy of

upgrading the quality and standard of education. This is also in line with the position of this Council which passed a motion on the subject last year. Having access to a good education will provide children of low-income families and the disadvantaged with the opportunities to realize their potential and to move up the social ladder. Given its fiscal position, Hong Kong is absolutely capable of making commitment to 15-year free education.

With these remarks, Deputy President, I support the Second Reading of the Appropriation Bill 2012. Thank you.

MR CHEUNG HOK-MING (in Cantonese): Deputy President, this is the last Budget delivered by Financial Secretary John TSANG in office. Regarding planning affairs, the DAB welcomes the restatement in the Budget about the Government's determination to increase land supply and create a land reserve as expounded in the Policy Address. However, it is insufficient for the Government just to have "determination", or just to implement certain policies and measures. It must also tell us specifically the implementation strategies, enforcement structure, policy objectives and timetable; otherwise, it will be very difficult for the public and the market to have confidence in the continuity of policies.

Unfortunately, the current-term Government is still unwilling to formulate afresh long-term housing and land policies in its swansong Policy Address and Budget. Owing to the lack of a comprehensive housing and land strategy, even though the Government has introduced a series of housing or land policies in the past few years, problems of compartmentalization, fragmentation and lack of co-ordination have inevitably arisen. For example, regarding the target of constructing 75 000 public rental housing (PRH) flats in five years, when Members commented that 75 000 PRH flats were insufficient and asked how the Government would handle the matter, Secretary Eva CHENG said that the number could be adjusted. But when she was asked about the number of additional flats to be constructed, she referred the question to Secretary Carrie LAM, stating that as land was the crux of the issue, the number of PRH flats to be constructed would depend on the amount of land to be provided by the Development Bureau. So, 75 000 flats is a rigid number.

Another example is that, while the Development Bureau is determined in combating "sub-divided units", and actively promotes old district redevelopment, such good measures will reduce the number of rental units affordable by grass-roots families. As a result, the prices per square foot of "sub-divided units" and bedspaces have hit record highs, and almost comparable to that of luxury flats. Moreover, the supply of PRH flats under the auspices of the Transport and Housing Bureau has remained unchanged for 10 years; thus, grass-roots families who have not been allocated PRH flats are being victimized due to unco-ordinated policies. They have to put up with high rents while waiting a long time for PRH allocation. There are many similar examples and the crux of the problem is that the Government lacks comprehensive land and housing strategies; as a result, each Policy Bureau works in its own way and the policies are unco-ordinated.

As it is difficult for the current-term Government to drop the historical burden of equating long-term housing policies with the target of producing "85 000" flats a year, we can only expect the next government to formulate afresh long-term housing and land policies, make regular and accurate assessment of housing demands, provide sufficient sites for housing development, draw up a flat production programme, monitor the private property market to curb property speculation, provide subsidized housing, and implement initiatives to address the housing needs of people with special needs.

Although the Government has failed to formulate long-term housing and land supply strategies, it is restated in the Budget that the Government will continue to expand land resources in a six-pronged approach. I think we should give recognition to this stance. However, we are worried that the Government may tilt excessively towards reclamation in expanding land resources. Regarding how to make the best use of the existing land, in particular lands in the New Territories and almost 2 400 hectares of land released from the Frontier Closed Area, not much has been mentioned in the Budget. This even gives people an impression that all these are mere formalities.

We do not oppose reclamation outside the Victoria Harbour and we understand that reclamation can avoid complicated procedures such as land resumption and rehousing, and the problem of disposing a large amount of construction fill can also be solved. Nevertheless, we hope that the Government can really adopt the six-pronged approach, including reclamation, land resumption, changing land use, old district redevelopment and the development of

rock caverns or quarries. Proposals and solutions should be provided in relation to these six approaches. If there are difficulties in land resumption, can the Government review the existing land resumption policy? If not many agricultural land can be converted for other purposes, can the Government increase the plot ratio of sites in the New Territories? For some remote rural sites, can the Government consider the construction of railways and highways to facilitate accessibility to these sites? I have mentioned similar issues at the motion debate late last month and I am not going to repeat. In general, if the Government wants to gain public support for reclamation, apart from addressing issues such as environmental protection, compensation and construction costs, it must prove that it has made its best effort to propose other options of land supply; otherwise, the path to reclamation will be beset with obstacles.

The DAB has all along advocated a balance to be struck between expanding land resources and conservation. It is extremely unfair to shift conservation responsibilities wholly on landowners, asking them "to pay the meal for my guest". This is very unfair. Restricting the development of waste land cannot be regarded as conservation, and no conservation results can be truly obtained. The sporadic cases of "destroy first, develop later" in rural sites are, to a certain extent, the inevitable outcome under this unfair situation.

Therefore, the DAB has repeatedly asked the Government to establish a conservation fund, so as to solve the conflicts between conservation and land development at root. Revenues from land sales have been rising in recent years. It is estimated that in 2011-2012, the revenues will exceed \$100 billion and in 2012-2013, the revenues will be \$60 billion. Such being the case, should the Government spend the money derived from land on land development? In the course of land development and land sales, the Government should seriously consider the DAB's proposal and establish a conservation fund with, say 1%, of its revenue from land sales. It can then acquire, lease or exchange conservation land or private land, so as to conduct systematic rehabilitation and management to achieve the conservation objectives.

Next, on behalf of the DAB, I would like to express our views on the transport policies. In respect of transport policies, the public are still most concerned about the rising transport expenses. It is a pity that I have not found in the Budget any proposals for reducing the rates of increase in travelling expenses.

According to the information from the Census and Statistics Department (CSD), the inflation rate in February was 6.7%, which reached a 16-year high. At the same time, various modes of transport have increased their fares from 2011 to early this year. This year, the grassroots are overburdened by inflation and fare increases by public transport operators. In particular, the MTRCL and franchised buses in Hong Kong have a daily carrying capacity of more than 4 million and 3 million passengers respectively. Fare increases of these public transport operators have extensive and considerable impacts on the public.

Regrettably, on the basis of the CSD data, the MTRCL can, under the fare adjustment mechanism, increase its fares by probably more than 4%, which is more than two-fold of last year. Earlier, when the new Chief Executive Officer of the MTRCL announced the company's performance, he insisted that fares would increase this year under the mechanism. We understand that there are grounds for the MTRCL to increase fares under the existing fare adjustment mechanism, but as the MTRCL has over \$10 billion profits in the past few years, if we still allow the company to increase fares under the established fare adjustment mechanism, it is tantamount to allowing corrupt officials to squeeze the people dry. I believe the community would not tolerate this situation.

The DAB has always considered that it is time to review the fare adjustment mechanism of the MTRCL, as it has been in operation for five years. Under the present mechanism, inflation rate and wage index of the transport services sector have more weight in the formula, while the important factor of people's affordability has been neglected. Thus, we suggest that the Government should, in reviewing this mechanism, first and foremost, include people's affordability as an important factor for consideration. It should then adjust downward the weights of inflation rate and wage index of the transport services sector in the formula, and take into consideration factors such as the profits of the MTRCL and the economic environment. Furthermore, the frequent service disruptions of the MTRCL in the past had caused passengers to suffer from losses in terms of time and money. We think that liability provisions should be added to the mechanism; for example, there should be an incident demerit point system under which points to be deducted are linked to the rate of fare increase, so that fairer and more reasonable fares will be set.

As a large enterprise, the MTRCL should undertake social responsibilities and continue to offer fare concessions to passengers. For instance, the DAB has

always asked the MTRCL to introduce long-distance and short-haul monthly tickets, such as the Tung Chung Line monthly tickets and monthly tickets for all MTR lines. We have also proposed the reintroduction of the "Ride 10 Get One Free" Promotion and the provision of additional MTR Fare Savers, and so on.

It is also learnt that the Government receives dividends from the profits of the MTRCL each year, and the dividends accumulated over the years have exceeded \$1 billion. Can the Government make use of these dividends and take administrative measures to reduce MTR fares so as to benefit the public and relieve their burdens of travelling expenses?

Another important mode of transport is the franchised bus service, the coverage of which is similar to that of the MTR, and that is the major transport mode for all Hong Kong people. The increase in bus fares will affect many people. After all, as the grassroots are the major service targets, the main factor to be considered in determining bus fares is the affordability of the public. As the DAB has always advocated, when the franchises of Long Win Bus Company Limited, New World First Bus Services Limited and Citybus Limited expire next year, the Government should make good use of the opportunity to include additional clauses in the franchise agreements, such as offering more bus-bus interchange concessions by Long Win Bus Company Limited and other bus companies and offering more sectional fares, so as to help reduce the burden of the grassroots.

As Honourable colleagues may recall, the Chief Executive proposed a concessionary fare of \$2 a trip for the elderly and people with disabilities in the Policy Address last year, and the community generally considers the concession a commendable policy benefiting the community. It can really help the socially disadvantaged groups in relieving their burden of travelling expenses, and encouraging them to go out more often. Yet, almost six months have passed since the announcement of this policy, and despite the authorities have repeatedly said that efforts have been made to expedite the administrative procedures, the Secretary said that the concession can only be implemented at the end of this year at the earliest, which is extremely disappointing for the public. In addition, quite a number of local residents have reflected to us that the Government only intends to offer concessions to people travelling on the MTR lines, franchised buses and ferries, but not on other modes of transport, such as minibuses and trams. This

is really unreasonable. They hope that the Government would include those transport modes in the concession scheme.

Hence, the DAB hopes that the Government would expeditiously complete the administrative formalities and introduce a concessionary fare of \$2 a trip. Where necessary, if the relevant procedures of a certain transport service operator can be completed earlier, the Government can introduce a concessionary fare for its services first in order to benefit the socially disadvantaged groups earlier. Also, the Government should follow good advice and listen to the views of the public by offering concession to people travelling on other modes of transport, such as minibuses and trams.

I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, as many colleagues have said, this year's Budget is not only the fifth budget of the Financial Secretary in office, but also the farewell budget of the current-term Special Administrative Region (SAR) Government.

Supposedly, against this background, this Budget should summarize the work done in the past five years. Regardless of achievements or failures, it is essential to sum up past experiences. Even if these experiences may not help the next Government to go from strength to strength, they can at least provide some reference.

Regrettably, at the end of the Budget, the Financial Secretary has merely expressed his personal feelings, saying that "we will hand over a healthy set of accounts to the next Government." In fact, healthy or not, what experience should be passed to the next Government for its reference? None at all. Will the Government review its past performance? Will it consider its performance a success or failure? Nonetheless, the Government has been so reluctant to face the problem, and I am pretty disappointed.

Of course, the Financial Secretary may argue plausibly that he has at least handed over a healthy set of accounts to the next Government. But has he fulfilled his responsibility? Can he go further to ask plausibly what else should be expected from him since he has already left behind a huge sum of over

\$600 billion? If this is the case, no wonder this year's Budget mainly contains factual accounts, without giving any forward-looking plan or the general direction of the entire financial structure. I am genuinely disappointed.

The structural problems that have long plagued Hong Kong are the so-called deep-rooted problems, which have remained unresolved even though the SAR Government has established for more than a decade. They include the disparity between the rich and the poor, the working poor, the ageing population, the retirement issues, the provision of 15-year free education, as well as issues relating to people's livelihood, such as healthcare and education. Many livelihood problems still remain unresolved. This is precisely because the SAR Government and the Financial Secretary have failed to tackle the structural problems in society at root when they formulated the budgets over the past years. I think he is simply trying to avoid making mistakes by muddling through.

Why do I say so? After looking at the budgets of the past few years, I notice that if we erase the numbers from the "2011-2012 Budget", the previous five budgets are actually more or less the same. This is the mentality of the SAR Government. It has never seriously resolved any problems but merely acted perfunctorily. Are there any special features about the budgets? The special feature is that "candies" have been doled out for many years, and the same measure repeats itself year after year. But can the giveaway measure resolve the problems? No doubt, members of the public are happy to get the "candies", more so if money is doled out, as the meager income of the grassroots is hardly enough for meeting the high daily living expenses. Thus, the money they receive can be used to resolve some of their problems. Many families told me that with the money they received from the Government, they can buy things they have longed for but cannot afford to buy in the past, for instance, new refrigerators, televisions and household utilities. They no longer have to tolerate in silence; new appliances can be bought as replacement.

Undoubtedly, people are happy to get "candies" or money. Yet, what does such happiness reflect? After all, for years, the budgets have failed to resolve the deep-rooted problems and people can only make use of the money doled out under such special circumstances to solve their problems.

While the Government can undoubtedly earn some short-lived cheers and applause in handing out "candies" and money, the impact on the current-term

and future Government is serious. Take this year as an example. During my recent visits to my constituency, many kaifongs asked me if the Government would dole out money this year. They are now accustomed to receiving money. If I told them that no money would be given, they asked me why. This is how people would react. How will they react if only the current-term Government doles out "candies" and money but not the next Government? I do not consider this practice proper and healthy.

What shall we do then? The Budget should focus on identifying solutions to solve the structural problems. Why has the Government not done so? Because the Government has no such intention at all. An example is the "N-nothings" that we have repeatedly highlighted in recent years. The "N-nothings" is not a term invented by us this year. The budgets of the past few years had also proposed doling out "candies", but it came to our attention that some people, being neither CSSA recipients, taxpayers nor residents of sub-divided units, failed to benefit. Thus, the term "N-nothings" has arisen.

Nonetheless, the invention of this term has failed to draw the attention of the Government, not just for one year, but for three years in a row. It was not until this year that the Government finally did something. What did it do? The Community Care Fund was set up to show little care to the "N-nothings". Though the Government is aware of the problems for years, it has not taken any action to address them. Can the Community Care Fund solve all the problems? No, it cannot. It can only solve the problems of some "N-nothings", but not all. What should be done then? The current Government has neglected the problems and simply left them to the next Government.

I have no idea what the next Government will do, but for the current Government, I think it should at least face up to these structural problems and resolve them; and even if it fails to do so, it should at least advise the next Government the direction to solve the problems. However, the current Government has virtually done nothing, but merely left the problems to the next Government. Such mentality of the Government has brought far-reaching consequences. If we do not initiate any change now, our future path will be even rougher. In fact, it is going to be rougher and rougher. Why? The current economic situation is not bad and the Government is sitting on a surplus of hundreds of billions of dollars. Nonetheless, our Chief Secretary and Financial Secretary have warned us time and again that, subject to the external

economic environment, Hong Kong will face a number of major challenges and problems. If what they said has come true, the next Government will have to face challenges from the external economic environment. Once the surplus is reduced, it can no longer dole out "candies". What can the Government do then? How can it end people's dependence and break off their habits, and resolve their genuine problems? This is completely impossible.

Therefore, I think this Budget should no longer stick to the stop-gap attitude and just plan only one step ahead. This will be of no help at all and cannot solve the problems. Why can we not take vigorous actions to resolve the deep-rooted problems? On the retirement problem, for instance, the Government has said time and again that by 2033, one out of four people will be an elderly person, the retirement problem will become extremely serious by then. Yet, so far, the Government has not formulated any policy on universal retirement protection. In the face of these problems, I consider that more vigorous actions should be taken. We can, for instance, set up some seed funds, say, earmark \$50 billion as the seed fund for universal retirement protection. Five years later, the amount will increase to some \$200 billion. By that time, we can add in the element of contribution and allow the amount to accumulate. When people get old, each person will be able to receive some \$3,000 a month. By so doing, the retirement problem can be resolved. While these are viable measures, especially at a time when we have ample surplus, the Government has not done anything at all. This is indeed very disappointing.

There are many other issues. For example, the Government mentioned that we are propelling towards a knowledge-based economy, and hence, there is a need to enhance people's knowledge. In that case, why does it not increase the number of university places? Why does it not allow more young people to study in post-secondary colleges to enhance their knowledge? These are the things that the Government should do. And yet, it is too reluctant to allocate resources in this regard, so problems continue to prevail.

Another issue is concerned with healthcare, which incurs considerable expenses. If we allocate more resources to the healthcare sector earlier to promote community health, for instance, and implement it properly, we can perhaps reduce our reliance on healthcare services. Why have we not done more by injecting more resources in this regard? This is something that can be done by the Government.

Furthermore, there is currently a great demand for residential care homes. Why have we not built more residential care homes to meet possible future demand when we have an abundant reserve? While this can be done at this stage, the Government has decided to sit on its hands. Its attempt to avoid making mistakes by muddling through has resulted in the present Budget. There is no doubt that the Budget does achieve some breakthroughs; it has responded to the aspirations of the middle class or the small enterprises, and improvements have been made. But it does not mean that this Budget is satisfactory. We opine that a good budget should optimize our existing resources for the future development of the community. This is the criteria for an effective budget. Yet, contrarily, the Government has acceded to all requests of the majority of the public. People gradually learn to fight for what they want; and the Government yields to their demands. There is not a proper approach to handle public resources. As far as the financial management philosophy is concerned, this is a complete failure and is totally inappropriate.

Therefore, even though some people consider that this Budget is better than the previous ones, I still find it hard to support it. As I have said earlier, there are still a lot of deep-rooted structural problems. I therefore cannot support the Budget.

Deputy President, I so submit.

MS LI FUNG-YING (in Cantonese): Deputy President, the 2012 Budget is the last Budget of the current-term Government and is also the farewell Budget delivered by the Financial Secretary, Mr John TSANG, on behalf of the current-term Government since he came into office five-odd years ago. The Financial Secretary, when he is about to leave office, has reviewed his work in the past five-odd years. He stressed that the Government has introduced an array of measures to stabilize the economy and safeguard people's livelihood under the spirit of putting people first. He mentioned two points, fiscal prudence and commitment to the community. Every year, the Financial Secretary's Budget speech fuels my criticism of his fiscal philosophy. Hence, today, I also beg to differ with the conclusion he has drawn on the work in the past five years.

In my view, the Financial Secretary has attached great importance to the business sector in drawing various policies in the Budget. This business sector-oriented mentality has penetrated all the financial policies formulated by the Financial Secretary in the past five-odd years. He stated in the Budget that he has adopted a strategy of "supporting enterprises to preserve employment and promoting economic development to protect people's livelihood". This strategy has clearly reflected his priorities. By supporting enterprises to preserve employment, it means that measures will be adopted to support enterprises, but what about if these measures fail to preserve employment after supporting enterprises? By promoting economic development to protect people's livelihood, it means that efforts will first be made to promote economic development, but what about if such efforts fail to protect people's livelihood after promoting economic development? The Financial Secretary is unwilling to face these issues squarely. In the past five-odd years, in the boom and bust of Hong Kong, the budgets have revolved around supporting enterprises and promoting economic development, while preserving employment and protecting people's livelihood are so packaged to tilt in favour of the business sector.

The Financial Secretary further stressed that in his five budgets, he has increased government expenditure by nearly 70%, which exceeds GDP growth of 21% for the same period; and for this Budget alone, government expenditure comes to a total of nearly \$400 billion, which exceeds the last budget by 7%. Despite the input of so many resources by the Financial Secretary, social conflicts have intensified and the wealth gap widened. It goes without saying whether this way of using resources should be commended or should be subject to in-depth review.

In the Introduction of the Budget, the Financial Secretary stated that he was most encouraged by the fallen unemployment rate, a 7% growth of income from employment for the lower-income groups and a 5.1% increase of the median household income. He is of the view that these figures reflect an improvement in the livelihood of the grassroots in the past year. I am as delighted as the Financial Secretary to see an increase of income for the lower-income groups, but I must point out that the income growth of the grassroots is mainly due to the enactment of the legislation on minimum wage, which had been strived for a long time by the labour sector. I must also point out that the present level of minimum wage is still too low and quite a number of people of the lower echelon

still cannot make ends meet. Furthermore, they cannot benefit from the Financial Secretary's relief measures proposed in the Budget.

It has been proposed in the Budget that two months' rent be paid for public housing tenants and each residential electricity account be granted a subsidy of \$1,800. These are not new measures. While such measures have met with positive responses from the community when implemented in the past, their inadequacies have also been raised. It is hoped that the Financial Secretary can improve the measures accordingly.

In Hong Kong, property prices are high, but rents are even higher. People of the lowest end of the social spectrum who live in public rental housing (PRH) may be able to offload a little of their burden, but those who have not been allocated a PRH flat may have to bear additional burden. However, the Financial Secretary has opted for a policy which benefits PRH tenants by dishing out two months' rent but does not benefit those yet to be allocated a PRH flat. As early as 2009, I had proposed that the Financial Secretary should provide rent subsidies for PRH applicants on the Waiting List, but the Secretary did not accept the proposal.

The Government has dodged from providing assistance to grass-roots workers who are not covered by the tax net and who are not PRH tenants and CSSA recipients. The failure to address the needs of the "three have-nots" is a major fallacy of the Financial Secretary during his tenure. According to the statistics released by the Census and Statistics Department on wage distribution in the second quarter of 2010, the lowest and highest percentile hourly wages were \$28.1 and \$176, showing more than a six-fold difference in hourly wage between the two. According to the relief measures announced in the Budget, employees under the \$176 percentile hourly wage are entitled to a maximum reduction of \$12,000 in salaries tax, a rise in allowance for maintaining a dependent parent to \$38,000 as well as a rise in child allowance to \$63,000 per child. Most of the employees under this wage percentile have acquired properties; thus, they are also entitled to a relief on rates, capping at \$2,500 per quarter. However, employees under the \$28.1 percentile hourly wage need not pay tax because of their low income; nor do they need to pay rates because they have no money for acquiring properties. They cannot benefit from the waiving of two months' rent because they have not yet been allocated a PRH flat, nor can they benefit from the extra month of CSSA payment because they would rather be self-reliant to earn a living

than apply for CSSA. They are even not entitled to the \$1,800 electricity subsidy because they are not the registered holder of an electricity account. As a result, employees who are highly paid at an hourly rate of \$176 can benefit from the relief measures in the Budget, but those grass-roots workers who are paid at an hourly rate of \$28.1 are barred from enjoying such measures. Such mismatching of resources has happened time and again in the Financial Secretary's budgets.

The Financial Secretary stated in the Budget that he understood the financial burden of the middle class in areas like housing, education and healthcare. He has thus proposed corresponding measures to address taxpayers' needs. However, the grassroots, who are not taxpayers due to their low wages, who have applied for PRH flats but are still on the Waiting List and who are not CSSA recipients because they wish to earn a living themselves, are like people not belonging to any social stratum; thus, they are deprived of any assistance and have long been invisible to the Government.

I must point out that during his tenure, the Financial Secretary has inverted the priority for using social resources. Measures such as providing rent subsidies for PRH applicants on the Waiting List and means test-free transport subsidies for low-income earners should be able to provide instant relief to people in dire need of assistance. It is not that the Government is unable to launch such measures, just that it is unwilling to do so.

The Financial Secretary stated in the Budget that the Government will strive to preserve employment, but what is meant by preserving employment? Is not letting employees lose their jobs be taken as preserving employment? Retraining the unemployed can at most be regarded as a means to provide employment support. Naming it as a way to preserve employment is misleading. The labour sector is asking for concrete protection against unemployment, such as providing financial support for the unemployed, rather than making obscure promises that employment will be preserved. In the five-year tenure of the Financial Secretary, I have urged him every year to establish an unemployment loan fund to provide financial support for the unemployed and address their pressing needs. On the one hand, the Financial Secretary said in the Budget that with the economy slowing down and the unemployment rate reversing its downtrend, certain groups of people in society would be the first to bear the brunt; on the other, he only made vague promises,

focusing on minor details such as employment retraining. He was unwilling to face the problem of unemployment squarely or extend a helping hand to the unemployed who unfortunately would have to bear the brunt.

The Financial Secretary has devoted a large section of his Budget on the six industries where Hong Kong enjoys clear advantages. I have great reservation from the start about two of the six priority industries, namely medical services and education services industries. Medical services and education services should be serving the people of Hong Kong in the first place. They should not impose adverse impacts on people's livelihood just because they are priority industries. Take medical services as an example, while the industry is not yet to take forward in full swing, public medical services have already been directly affected. In 2010, 264 doctors left the public sector and another 118 doctors left in 2011. Their average years of service were over 11 years. The staff wastage of nurses is even worse than that of doctors. In 2010, the wastage was over 1 000 nurses and their average years of service were over 12 years, and in 2011, the wastage still exceeded 800 nurses and their average years of service were over 11 years. An alarm has been sounded for the public healthcare system of Hong Kong, but instead of putting out the fire in our public healthcare system, the Financial Secretary's policies advocate the potential of medical services as a priority industry for further development and thus more land is needed for developing private hospitals.

Education services are caught up in the same situation where the goals have been set too high and too ambitious. Local tertiary institutions do not have problems of under-enrolment; the problem is that publicly-funded university places are seriously inadequate. The admission rate of publicly-funded universities in Hong Kong is less than 19%, which is lower than the levels in Australia, the United Kingdom, United States, Japan, Singapore and even the Mainland. Instead of allocating more resources to increase the admission rate of local students to publicly-funded universities, the Financial Secretary decided to relax the restrictions on non-local students to stay in or return to Hong Kong, so as to help attract more non-local students to come here to study. I do not oppose developing Hong Kong into what we call a regional education hub, but it must be taken forward on the premise that the majority of local students who are at the appropriate age and meet the admission criteria can be admitted to publicly-funded universities.

Deputy President, the five-year tenure of the Financial Secretary will soon expire. As regards how he has performed, people of different stances will draw different conclusions. However, facts are facts. According to the survey findings of a study on social harmony in Hong Kong published early this month by the Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong, 68.1% of the interviewees agreed that the disharmony between the public and large consortia has become serious or very serious, while 67.6% of the interviewees agreed that disharmony between the public and the Government has become serious or very serious. The two areas have respectively increased by more than 11% as compared with the same survey conducted two years ago; and the disharmony between the public and the Government, between public and large consortia, and between the poor and the rich have now become the top three forms of social disharmony. The Financial Secretary said that in the past five years, the Government has introduced an array of measures to stabilize the economy and safeguard people's livelihood under the spirit of putting people first. The response of the people to his measures is reflected in the findings of the survey.

Deputy President, last but not least, may I cite the concluding remarks of the Financial Secretary in the Budget. I hope that my criticism, as the Financial Secretary has said, is only part of the intense discussions, behind which are our shared beliefs and affection. Thank you, Deputy President.

MR CHIM PUI-CHUNG (in Cantonese): Deputy President, the Financial Secretary has repeatedly stressed in the Budget that this may be his last budget. Looking back in history, although Hong Kong is a small place, being a city rather than a country regarding the past budgets, if we trace back to some decades ago, the budgets drawn up by Sir John James COWPERTHWAITTE were always well received in Hong Kong. Yet in recent years, no matter who has taken up the post of the Financial Secretary, be he a tycoon from Swire or CLP, he was unable to win recognition from the general public, especially when the political problems involved in Hong Kong were very serious these years. As a result, no matter what the Financial Secretary did, what he received was not applause but criticisms.

Deputy President, I remember that last year, the Financial Secretary originally proposed to inject \$6,000 to the Mandatory Provident Fund account of

each member of the public. Later, at the request of the people, cash was handed out. Such an act has gained the approval of most people, and they hope that this year, there will be the chance of obtaining cash handouts again, but such a chance is probably very slim. Ever since the Financial Secretary has proposed to hand out case, he has been subject to continuous criticisms. Regarding such accusations, I am not putting in good words for him. I just find it rather unfair to him.

Deputy President, as far as we understand, Hong Kong's budget is always about two parts, which is also the case in doing business, big or small business alike, there are both revenue and expenditure. With regard to revenue, about 80% of Hong Kong's revenues come from five areas: first, profits tax; second, returns from land sales; third, salaries tax; fourth, stamp duty, which of course includes the stamp duty from securities and property transactions; and fifth, investment returns on the Government's fiscal reserve.

Deputy President, we have to bear in mind that these five sources of revenue are actually not steady. Hong Kong is unlike Macao, which receives revenue from casinos. Last year the Macao Government obtained a revenue of \$103 billion. As for this year, I thought that since there were only 29 days in February, it would be much less, but that was not the case. It still had a revenue of \$24.2 billion. Therefore, as their Secretary for Economy and Finance has said, even if there are unexpected incidents and the revenue is reduced by half, the overall income will absolutely not be affected.

However, the situation in Hong Kong is different. We cannot treat stamp duty from land sales, returns from land sales and stamp duty of securities as fixed income. This is not practicable. Hence, members of the public need to understand that this is not like the usual or as some Honourable colleagues have said, another \$8,000 should be handed out, a handout of only \$6,000 is not enough. Yet the Government has got to implement other measures. In this regard, the Financial Secretary and the Government actually have the responsibility and obligation to tell members of the public that the Government does not have any fixed income.

So, people request the Government to spend money and even say that as the Government's present reserve amounts to some \$2,000 billion, it should hand out money to the public. However, as I have often pointed out, even if we assume that the Government has a reserve of some \$2,000 billion and hand out

the full amount to all Hong Kong people, each person will get only about \$300,000. At present, every year Macao — suppose the local population is 500 000 people and its revenue is \$100 billion — their per capita income will already amount to \$200,000 a year. If \$20,000 cash is handed out to each person every year, only \$10 billion is needed. Hence, we have the responsibility and obligation to make members of the public understand the situation.

The Financial Secretary has emphasized "supporting enterprises to preserve employment and promoting economic development to protect people's livelihood". We have come to understand that according to the present order, funding for education accounts for a substantial amount. In the budget for next year, the education funding amounts to nearly \$80 billion, 7% higher than the previous year. In this situation, the education funding takes up almost 20% of Hong Kong's total expenditure.

Regrettably, Deputy President, I personally think that our education policy is a big failure because despite such a huge education funding which is supposed to nurture talents and foster their patriotic feeling towards our country and Hong Kong, it is a pity that most we cannot say they are anti-China and creating chaos in Hong Kong, but they have indulged too much in their own mindset and way of thinking more funding has been allocated for educating those with an international sense of belonging. As for whether such a practice is correct or not, it may not be wrong, but with such results derived from the education funding which accounts for almost 20% of the total expenditure, I opine that the Government should conduct a comprehensive review on the education system.

The second item, Deputy President, is healthcare, which also plays an important part. The present expenditure on healthcare is nearly \$60 billion, 8% higher than that of last year, taking up about 15% of Hong Kong's total expenditure. As we should know, Hong Kong's healthcare services have gained recognition from advanced places and cities in the world.

The third item is, of course, social welfare. The expenditure on social welfare will reach \$48 billion, with a 9% increase when compared with last year, accounting for 12% of Hong Kong's total expenditure. The sum of these three biggest expenditure items already takes up some 40%, reaching almost 50% of Hong Kong's total expenditure. In my opinion, the expenditure in these several aspects is adequate, we can meet the requirements of people's livelihood and have acted in response to the actual environment.

The fourth item is certainly housing. Hong Kong lacks land resources. Of course, according to some Directors of Bureaux, the sites which we have developed account for only around 10% of the land. May I ask, where is the rest some 80% of the land? A lot of such land is covered under the country parks and land which is not ready for immediate use. With such a small area, Hong Kong actually does not have so much land.

Certainly, in my opinion, for future budget or policy address, a very important subject is the need to create land. To create land, reclamation is the most important option. Most of the land which Hong Kong holds at present came from reclamation. As I have said before, Singapore has turned itself into a highly advanced country through reclamation too. Of course, Singapore has conducted overall planning. For every dollar it spends on reclamation, it will receive \$20 in return.

In Hong Kong, I am inclined to the view that Hong Kong's future policy is to expand the reclamation projects and attract all people in society and the rich people to invest their capital. It can no longer work in a piecemeal manner as it did in the past. How big should the reclaimed land be? It should be a big town which can accommodate 3 million to 5 million residents. Where should it be? I think it should be around the Lantau Island. This should be the Government's overall plan in the future. The company undertaking such a project can be listed so as to attract capital in the market and enable Hong Kong to have a vision of itself in 10 or 20 years' time.

Deputy President, we can take a look at the data. Some 30 years ago, when Typhoon Wanda hit Sha Tin in 1973, the price of land in Sha Tin was only \$1 per square foot. Today, 40 years later, there are more than 900 000 residents in Sha Tin. If we compare the population of this single town with some Pacific island nations, its population is already equivalent to the population of several countries.

Hence, the Government's budget must be inclined towards reclamation projects in the future, with a view to creating wealth. Land is wealth. The present high land price policy in Hong Kong has stifled a lot of industries. Of course, speaking of housing and land, I have heard the Director of Bureau say on two different occasions that Hong Kong would not sell land at dirt cheap prices. To put it in another way, as far as I understand, not selling land at dirt cheap

prices just means implementing the high land price policy. Fortunately, in the recent land auction, the Government acceded to the trend and thus reasonable adjustment could be made to the price. In my opinion, the Government absolutely should not implement a high land price policy for any land, and the trend should be determined by the market alone. Of course, we understand that before 2003, that means before the outbreak of SARS in Hong Kong, there had been rental control. However, owing to the plunge in property price at that time, the control was lifted, and up to the present moment it still has not resumed, thus leading to the substantial increase in rent everywhere nowadays. The Government must pay attention to this issue in the budget at any time.

Deputy President, we have mentioned that recently, the whole world the Financial Secretary has also said that in 2008, the sub-prime mortgage problem in the United States gave rise to the global financial tsunami. In fact, Hong Kong has experienced deflation for 68 months. Basically, the global finance, as I have said before, has fallen into the hands of American consortiums led by the Jews. They take advantage of several edges which Americans have over others. First, they exploit the so-called human rights to exercise control over other backward countries. Second, they abuse the intellectual property right to master their interests in the world. Third, they use the financial market is mainly manipulated in their hands. Why? As we can see, they "robbed" in large scale every 10 years and in small scale every three years. 2008 was their last "robbery" in large scale among the last three occasions. As we have noted, regarding the so-called sub-prime mortgage emphasized by the United States, what is prime mortgage and sub-prime mortgage? What data is available? When did the United States make such announcement? It merely fabricated a figure at will, and such a figure would then set fire and burn at a certain place. In this regard, I have always stressed that Hong Kong lacks resources. Nevertheless, we have a huge reserve. We absolutely need to tie in with China and maintain our foresight rather than having belated awareness.

Hence, I strongly request the Financial Secretary to work with the Hong Kong Monetary Authority (HKMA), and they must pay efforts to resolve those problems which are yet to be solved in the Lehman incident of 2008, since Hong Kong takes pride in its status as a financial centre. If such problems cannot be solved, who will have confidence in Hong Kong? I have mentioned this matter twice, and I have raised it to the Chief Executive. The Chief Executive's reply to me was that Hong Kong would act according to the law. I must put forward

my criticisms. We must take an active role. Secretary, even if you will not do anything, you still need to exert some pressure; you should ask the HKMA to invite representatives of the banks to come forward to discuss how much money or how many billion dollars are still needed and find a way to settle the problem together. For example, the bank concerned will be responsible for one third, the participants will be responsible for one third, and where necessary, the Government will also be responsible for one third. If this problem remains unsolved, Hong Kong will never be able to stand up again and cannot claim to be an international financial centre.

Deputy President, we have got to understand that the European debt crisis or other issues will lead Hong Kong by the nose in the future, but we do not need to be afraid. This is in fact just another scam, because if they want to deceive you, they would say, "The problem has been solved. There is no more problem." They may even talk about postponing for five more years. If they want to ruin you, they can say this had happened out of the blue. So Hong Kong is not being targeted. Nevertheless, the freedom and reform in Hong Kong have paved the way for other places and countries to encroach upon our interests. The Financial Secretary has to make the Hong Kong Securities and Futures Commission and the Stock Exchange of Hong Kong understand this point.

Deputy President, to me, 15 minutes is a very short time. On the contrary, even if you give me 50 minutes, it still will not be enough. Anyway, my speech will end here.

MS AUDREY EU (in Cantonese): Deputy President, the Budget we are discussing today is the last of its kind in the current-term Government. The Financial Secretary had accepted some of the views of the Civic Party by putting more focus on the middle class and small and medium enterprises (SMEs), such as offering tax concessions, assisting SMEs and injecting cash into the Samaritan Fund. However, these measures are inadequate, because they can only solve some of the problems in society. As a matter of fact, we have all along been worried about the disparity between the rich and the poor as well as deep-rooted conflicts. If we review the budgets prepared by the Financial Secretary in the past five years, not many measures had actually been implemented in this regard. When standing for the Chief Executive Election in 2007, Donald TSANG said that he would tackle the poverty problem through economic development. In his

first Budget, Financial Secretary John TSANG also urged us to be ready to face difficulties and dare to hope; he also said that inequality rather than scarcity was the cause of trouble. However, in the past five years, this is exactly the situation we have been facing. As the Treasury is flooded with cash, the problem does not lie in "scarcity", but rather "uneven distribution". In respect of resource allocation, the public are indeed greatly discontented.

Let us recap what Donald TSANG has said recently: he said that the disparity between the rich and the poor is inevitable in a capitalist society. In other words, the current-term Government has actually given up taking any measures to tackle deep-rooted conflicts as far as possible. Indeed, after the release of this Budget, the Civic Party and other pro-democracy parties wrote to the Financial Secretary, requesting for a meeting with him, with the hope that he could accept our views, particularly our views on the "N-nothings" and the transport subsidy. Unfortunately, however, the Financial Secretary declined to meet with us. Given the repeated discussions on this budget and the voting next week, we very much hope to put forward an amendment requesting greater assistance to the "N-nothings" or more funding to the transport subsidy scheme in the Budget. Regrettably, Deputy President, you also know that we, as Legislative Council Members, have limited powers and are not in a position to do so. What we can do and what we in the Civic Party will do is to move an amendment to deduct an amount equivalent to the remaining three months' emoluments for Chief Executive Donald TSANG and Financial Secretary John TSANG, so as to express our dissatisfaction in all these respects.

Regarding the problem of the "N-nothings", as far as my memory goes, this is a term that emerged and widely mentioned during the term of office of Secretary John TSANG. Secretary TSANG shows a crumb of kindness by dishing out "candies" every year, but the problem is that such "candies" have never been given to the "N-nothings". Since these people do not live in public rental housing (PRH) flats, possess no property, pay no tax and are not Comprehensive Social Security Assistance (CSSA) recipients, they cannot benefit from the giveaway measures stated in the Financial Secretary's Budget. In respect of the "N-nothing" group, we have all along requested the Government to do something for them. In this Budget, the same problem arises again as the "N-nothings" have been disregarded. As a matter of fact, they are a group of very hard-working people. They choose not to apply for the CSSA and rely on

themselves, but they do not have enough food due to their meager incomes. Even with the help of food banks, they still live in deplorable conditions. They cannot afford to cook their food due to high water and electricity fees, and consequently, they can only have processed food. We often ask the Government what can be done to help the "N-nothing" people, but the Government replies that it fails to identify and locate these people. Such a reply is quite frustrating. Given that the SAR Government has over 100 000 civil servants, and our advancement is well supported by many data, how can the Government fail to identify and locate these people. We are indeed greatly disappointed.

Recently, Secretary Stephen LAM has come out to grab the limelight, possibly because he believes that he will be the Chief Secretary for Administration of the next-term Government. Secretary LAM said that the Community Care Fund was considering granting a one-off subsidy of \$2,000 to \$6,000 at most to the "N-nothings". However, such a proposal is only at the discussion stage, and even if it is implemented, only some 20 000 people can benefit. The number of people who can be benefited is very limited, and such a proposal is not a long-term measure for taking care of the "N-nothings". We therefore consider the measure seriously inadequate.

Speaking of the "N-nothings", one of the biggest problems faced by them is certainly related to accommodation. They are living in sub-divided units, and the Government's policy is to force them to move out of such units and demolish the units. Yet, no resettlement plan has been offered. Therefore, we often ask the Government whether additional PRH flats will be built, but the Government has remained unchanged in its stance to build 15 000 PRH flats each year. The Government claims that the objective of allocating a PRH flat to an applicant within three years can be met, but 152 400 people were on the Waiting List waiting for PRH flats as of March 2011. Therefore, despite the repeated explanations made by Secretary Eva CHENG, people are still not convinced that applicants on the Waiting List can be allocated a flat within three years, given that only 15 000 flats are built each year. For those non-elderly one-person applicants in particular, they have been waiting for years for the allocation of a PRH flat, but to no avail. Hence, these people are often forced to rent and live in sub-divided units, and some of them even end up becoming members of the "N-nothings".

When the Government conducted a population census last year, I had asked the Government, including Chief Executive Donald TSANG, whether it had information or statistics on tenants of sub-divided units. But the Government still did not have such information. If the Government is unwilling to collect statistics or information in this regard, it is evident that it has no intention to help this group of people.

Another point which the Civic Party is greatly disappointed is the transport subsidy. In fact, the Legislative Council has reached a consensus in this regard. While the Government has lifted certain restrictions by raising the income ceiling for one-person family from the previous \$6,500 to \$7,300, it still insists on accepting applications on a household basis and refuses to adopt a dual-track approach. As a result, many low-income persons with incomes below \$7,300 cannot benefit as they have to apply on a household basis. The legislature has reached a consensus, but the Government still refuses to make any change. In addition, the transport subsidy scheme does not offer help to job seekers. The legislature hopes that the Government can reconsider this issue, but no result has been achieved despite our repeated discussions on such problems at each meeting.

In fact, concerning problems such as the wealth disparity and ageing population, each year we hope that the Financial Secretary can put forward some long-term, or at least medium-term, plans in the Budget. Certainly, long-term plans should include a universal retirement protection scheme, but our request has all along been ignored, and the Government still makes the same remarks.

That said, the Budget each year always mentions the spectacular economic growth rate recorded in Hong Kong, the degree of recognition of Hong Kong by the international community, our proud ranking in terms of economy, competitiveness and degree of freedom, and our "AAA" international credit rating. The Budget each year invariably mentions the broad economic achievements of Hong Kong. Unfortunately, when we request the Government to implement truly people-oriented measures, our request will always be ignored no matter how hard we try.

In addition, regarding the middle class, as I have said in the beginning, the Government has accepted some of the Civic Party's recommendations on helping the middle class, such as taxation and assistance to SMEs. However, the problem that often exerts great pressure on the middle class is actually education. In this regard, the Government offers nothing new. It keeps saying that more

than two dollars out of \$10 is spent on education, and that a lot of money has been spent on education. However, for matters on which the legislature has reached consensus, such as 15-year free education, small-class teaching in secondary schools and increasing university places, the Government is not willing to consider despite the availability of resources.

On the contrary, we learn that the future Chief Executive or Chief Executive hopefuls have talked about these issues. Given that they had been working in the Government for extended period, I do not understand why they did not vigorously push forward the implementation of such proposals when they were in office, but only raised them when they were running for Chief Executive. I do not know if this is the case that the Chief Executive hopeful talks beautifully when he runs in the election, but no one knows what will happen after he is elected. I notice that Mr SUEN is smiling at me, and I do not know whether he understands what I am saying; in most cases, Chief Executive hopefuls talk beautifully when running in the election, but things will be different when it comes to implementation.

Another problem is healthcare. Many people welcome the injection of \$10 billion into the Samaritan Fund by the Government. I have also received some views from people, in particular middle-class chronic patients. They are very worried and are waiting for the announcement of the application criteria by the Government. As most chronic patients have spent most of their savings on healthcare, they actually have to pay for medication charges on their meager incomes, they are thus of grave concern. Therefore, I hope that the cash injection into the Samaritan Fund can help them.

I particularly hope to talk about the problem of "doubly non-permanent resident pregnant women", because the SAR Government has told us not to worry and that administrative measures will be taken to tackle the problem. However, Deputy President, this is very important. There is an English saying: "You put your money where your mouth is", meaning that it is important for you to spend money to back up your words. As such, we need to see whether the deployment of manpower and resources can back up the Government's remarks. The Immigration Department said that there will be an increase of 93 staff members in 2012-2013. This seems to be a large figure, but if we take a closer look, we will find that not all of them will be deployed to intercept "doubly non-permanent resident pregnant women". Most of them will be deployed to work at the immigration control point at Kai Tak cruise terminal, and a number of them will

undertake clerical work. We currently have 11 boundary control points, and most of them operate 24 hours a day. The authorities said that there will be an increase of 93 staff members, but after all such deductions, the number of staff who will actually be deployed to undertake interception work at the boundary control points is not enough. I particularly want to raise this point with Secretary Ambrose LEE, since he is currently sitting in the Chamber.

According to the existing policy, women who are 28 weeks pregnant without a booking certificate are denied entry into Hong Kong. I would like to ask the Department of Health how it determines whether a woman is 28 weeks pregnant. I had requested the Department of Health to provide information on the number of healthcare professionals stationed at each control point in the past five years and the estimate for this year. The Department of Health replied that the healthcare support teams stationed at the control points comprise one doctor and one nurse each, and their shift period is from 9 am to 10 pm. As Members can imagine, how can such an arrangement provide adequate manpower to cope with demand at the 11 control points? I have also repeatedly enquired whether more staff can be deployed. Deputy President, at each special meeting of the Finance Committee, I always asked the officials concerned this question, and some of them verbally replied that manpower would be increased. However, up until now, I still have not received any written reply explaining how manpower can be increased.

Lastly, in the remaining little time, I would like to talk about environmental protection. This is also disappointing. The Government told us that \$30 billion has been allocated for environmental protection, but I would like to say, Deputy President, that over \$30 billion has been spent on the Scheme \$6,000. The majority of the \$30 billion earmarked for environmental protection will be spent on infrastructure projects that have been discussed for years. For example, \$9.3 billion will be spent on the construction of sewage tunnels of the Harbour Area Treatment Scheme (HATS) Stage 2A, an additional \$7.9 billion is allocated for the remaining works of HATS Stage 2A, and \$5.1 billion is allocated to build in Tuen Mun an incinerator to process sewage sludge generated from the HATS. The amounts for sewage treatment have amounted to \$22.3 billion, and the remaining amount is only \$7.7 billion. If such an amount is spent on environment-friendly facilities, (*The buzzer sounded*) it is

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MS AUDREY EU (in Cantonese): actually far less than the amount spent on infrastructure each year. Thank you, Deputy President.

MR TOMMY CHEUNG (in Cantonese): Deputy President, in this year's Budget, the Financial Secretary has given more weight to some of the Liberal Party's requests, including those concerning the middle class as well as small and medium enterprises (SME), and we are thankful for him. However, I would also like to speak a few words in fairness to small market traders. I cannot see why the Financial Secretary has missed them out in each of his giveaway measure. As Mr Vincent FANG and I have mentioned time and again, traders operating in markets under the Food and Environmental Hygiene Department (FEHD) need not pay business registration fee, so they cannot benefit from the waiving of the business registration fees. With business cost skyrocketing in recent years, market traders have difficulties in operating their small businesses. As a matter of fact, the Financial Secretary should make use of the abundant surplus to offer timely assistance to small market traders in such unfavourable circumstances. Hence, I very much hope that the Financial Secretary can expeditiously beef up measures by waiving the licence fee of traders operating in FEHD markets.

Last week, another group of market traders staged a protest at this Council. They protested against the proposed rental increase of the Western and Cheung Sha Wan Wholesale Food Markets under the Agriculture, Fisheries and Conservation Department. Under the new tenancy agreements to be effective on 1 April, the proposed rate of rental increase is as much as 8.04%, which is much higher than inflation. The authorities explained that the cost was recovered under the established "users pay" principle. While the mechanism may have been run effectively for a long time, how does it differ from the uncaring practice of the two power companies in seeking substantial tariff hikes on the ground of rising cost? One should note that even though fare increase is in compliance with the law or is in line with the established mechanism, it does not mean that it is fair and reasonable.

In fact, since it is rare for Honourable colleagues from leftist, centrist and rightist political parties to support a rental freeze unanimously, why does the

Administration not accept the good advice and give the green light right away? As a rental freeze will cost the coffers a mere \$15 million, much less than the amount of tax rebates offered by the Financial Secretary this year, why bother with such a small amount of money? Furthermore, it is a known fact that government services are particularly expensive but not particularly efficient, the payments are basically not worth the money. The situation is actually one of "you give a party and I have to foot the bill". It seems that we have been taken advantage of.

Just like 17 years ago, when the Government began levying the trade effluent surcharge, the industrial and commercial sectors, in particular the catering sector, raised strong opposition, as 80% of the surcharge would be paid by the sectors concerned. The then Secretary for Planning, Environment and Lands, Bowen LEUNG said, "The amount is as low as that for a barbecued pork bun, why making all that fuss?" Deputy President, what disgruntles the business sector most is that the Administration always seeks to levy more charges through such well-crafted pretexts, claiming time and again that the amount levied is as low as that for a barbecued pork bun. If every department levies an amount equivalent to a barbecued pork bun, the sum in total is sufficient for a Yoshihama abalone, which may no longer be affordable by the sectors.

Unfortunately, 16 years later, the saying has hit the mark; Secretary for the Environment Edward YAU is now using the same tactics. The "polluters pay" principle and environmental protection are now cited as grounds for a consultation on waste management levy, and one of the proposals is to target at the sectors concerned. Once again, the Administration levies charges under the package of protecting the environment, and anyone who opposes the scheme will be labelled as not being environmental-friendly.

(THE PRESIDENT resumed the Chair)

Let me advise the Government, in order to attain success in promoting environmental protection, it has to change people's mentality. Do not think that Hong Kong people or SMEs can be coerced by force or threatened to reduce the amount of waste generated or use less electricity. This approach is too passive and demeaning to Hong Kong people. The community hopes that the

Government's green policy is far-sighted and well supported by other measures, with a view to achieving the biggest outcomes with the lowest cost. I would like to emphasize that the fees for waste disposal has already been included as part of the rates. If the Administration intends to introduce a charge for waste disposal, it must first reduce the amount of rates; otherwise it would not be acceptable by the sectors.

President, I am very pleased that after serving the Business Facilitation Advisory Committee for six years — of which I am no longer a member — and with the assistance given by the Efficiency Unit under the Chief Secretary for Administration in particular, a lot of measures have been devised to improve and facilitate business for the sectors.

I have been involved in the scrutiny of numerous bills tabled to this Council, especially those under the purview of Secretary York CHOW — who was earlier in the Chamber, but not now. As a matter of fact, no other bills have been deliberated as smoothly as the Food Safety Bill which has been enacted recently. The reason is that the Administration had first consulted the views of the Business Facilitation Advisory Committee, and had, before drafting the Bill, commissioned consultants to thoroughly consult all relevant stakeholders and evaluate the impact of the measures proposed in the Bill on the business environment. As a result, the final version of the Bill has been further fine-tuned to avoid adding to the burden on business undertaking and further reduce disagreement. The process of scrutinizing and passing this Bill was also smooth and efficient. The Administration should make good reference to this experience.

While I have no idea whether the incumbent Financial Secretary will remain in office, I hope that the Financial Secretary will provide additional funds in future to expand the functions of the Efficiency Unit, with particular focus on the advance work in connection with bills to be introduced into the Council, and assessment on the impact of the bill on the business environment should be conducted. I firmly believe that this will significantly enhance the efficiency of the Government and this Council as well as reduce confrontations and conflicts among all relevant parties.

Furthermore, during my service as the Convener of Food Business Task Force under the Business Facilitation Advisory Committee, I noted that there

were many problems relating to the licensing of the catering sector. Based on my work over the past decades, I opine that the licensing procedures can be simplified — in fact, the procedure has been simplified — but it turns out that the crux of the problem very often lies on manpower. In particular, in the case of filing an application to the Buildings Department (BD) for amending a building plan, the application has to be processed by the FEHD, the Fire Services Department (FSD) and other departments, which may take a great deal of time, perhaps a year or six months. The FSD and the BD claim that with existing manpower resources, the time required under their performance pledges can only be set at 20 and 24 working days respectively. President, given that 20 working days is translated into four weeks, while 24 working days nearly five, this is by no means a way to facilitate business; rather it would significantly increase the operating cost borne by the business sector.

President, I fully understand that departments like the BD have to oversee major infrastructure projects. If the staffing establishment remains unchanged, and some officers are deployed to inspect wonton noodle shops or shops selling congee to check the installation of taps and sinks, and so on, it seems that such works pale in comparison to other projects like airport project. Hence, I hope that the Financial Secretary will contact various departments, such as the BD, FSD, Planning Department and FEHD as soon as possible to enquire about their manpower needs, and examine how much additional manpower is required to reduce the number of working days as stated in the performance pledges, with a view to expediting the granting of licence and the completion of relevant conversion work. If improvement is to be made in these aspects, there is a need to review and increase the manpower. In my opinion, this is not only conducive to SMEs, but can also benefit the economy as a whole. The Administration will hence receive more tax revenue, and business opportunities for many other sectors will increase with the opening of the food premises. Is there anything better than this?

President, last year, apart from districts benefiting from the Individual Visit Scheme as well as the high-end retail sector, many retail and catering sectors which mainly serve local customers have experienced great hardship. This is especially the case when most people have almost spent the \$6,000 handed out by the Financial Secretary. Those sectors are now deeply embroiled by three factors, namely soaring rents, high wages and surging cost of raw materials (especially food ingredients). Regarding the problems of high rents and high

material cost, I believe the Financial Secretary may not be able to tackle them expeditiously, but we in the Liberal Party do hope that he can seriously consider our request to cut the profits tax rate to 15% in order to help SMEs. Regrettably, the Financial Secretary did not make any response to our request in this Budget.

A booming local economy is not in itself a bad thing, but if the economy is so robust that some work types are perpetually undermanned and the wage level is rapidly surging to the effect that sustainable development is impossible for some enterprises, vacancies for other positions will then stop growing or even see a downturn, and it will eventually turn out to be bad. As for SMEs, which are labour intensive, there is particularly an urgent need to tackle the problem of manpower shortage. Although labour policy may not be under the purview of Financial Secretary John TSANG, it is known that policy imbalance may impact on the economy. Hence, it is my hope that for the sustainable development of SMEs, particularly the catering sector, Financial Secretary John TSANG can assume leadership among relevant departments to conduct a comprehensive review on the current situation of labour shortage in Hong Kong, with a view to increasing the importation of labour for work types with strong manpower needs.

President, as the population ages, there is a growing demand for numerous services, especially healthcare services by the elderly. Small pains, such as toothache, may be deemed negligible by senior public officers, yet they often cause great sufferings to the elderly. Therefore, this year, the Liberal Party suggested to the Financial Secretary that resources should be earmarked to offer an annual \$1,000 dental care voucher for elders to seek appropriate dental services from private dentists, and dental out-patient service should be extended to all 18 districts of Hong Kong with longer service hours and an expanded scope of service encompassing filling, scaling and so on.

Concerning cataract, a common problem of the elderly, the Government has provided subsidies to elders awaiting surgeries to be performed at public hospitals. As elders still have to pay a high amount, the waiting time for surgeries in public hospital is still very long. Hence, we request the Government to introduce the "Action for Vision for the Aged", and allocate additional resources to subsidize eligible elders to consult private doctors for surgeries, so as to shorten the waiting time for surgeries in public hospitals to one year. Regrettably, the Government had not taken our advice and had not allocated resources in these respects despite having a huge surplus. As a result, many

elders still have to suffer from eye diseases and toothaches. In our view, a truly people-oriented government should never turn a blind eye to the feeling of the elderly.

Another problem that comes along an ageing population is the serious shortage of residential care places for the elderly, as well as services to facilitate ageing in place. Each time, the Government acts like "squeezing toothpaste from a tube" and only provides a few more places, this does not help much to alleviate the situation. It is our hope that the Government would ensure, for the three years ahead, the provision of at least 1 000 new subsidized residential care places a year, such that elders on the waiting list can be offered a place before they pass away.

President, apart from the inadequacy in elderly care, there is still plenty of room for improvement in respect of education. As a saying goes, it takes 10 years to grow a tree and 100 years to bring up a generation of good people. Our next generation is the hope for Hong Kong's future. Despite the huge amount of resources that the Government has spent on education every year (the recurrent expenditure to be spent on education next year, for instance, would amount to \$60 billion, representing a 28% growth over the past five years), there has been criticism of improper use.

Let me take the pre-primary education voucher as an example. As a matter of fact, this policy initiative was put forward by the Liberal Party long ago. It was originally aimed at reducing parents' expenditure on early childhood education, but the Government had added an unnecessary touch by insisting on the division between non-profit-making and profit-making kindergartens, as well as offering subsidies only to non-profit-making ones charging a fee not beyond a certain level, to the exclusion of profit-making ones.

This practice in essence deprives parents of the right to choose, which completely falls short of the objective of "money following the users", and fails to encourage parents to select schools most suitable to their children. As a result, 18% of parents with kindergarten students have not used the voucher. It is my hope that the Government has the courage to remove all of the restrictions attached to the pre-primary education voucher, such that all students would be entitled to the same treatment.

As regards expenses on education, it is the aspiration of many parents nowadays that their children are admitted to direct subsidy scheme schools or private ones, and they arrange various extra-curricular activities for enhancing their children's competitiveness, hence their expenses on education is more often than not hefty. In our view, with the public coffers flooded with cash, the Government can well introduce an allowance on children's education with a ceiling of \$60,000 a year, with a view to relieving the burden of parents whose children are studying in primary and secondary schools as well as kindergartens.

Apart from pre-primary, primary and secondary education, we also consider the Government's effort in increasing the number of university places inadequate. There is a serious shortage in the number of undergraduate places offered by Hong Kong universities. Each year, there are about 4 000 or so students who (*The buzzer sounded*) are denied entry to universities despite having met the entry requirements, simply because of the shortage of places.

President, I so submit.

MR WONG SING-CHI (in Cantonese): President, in his Budget speech this year, the Financial Secretary mentioned that social welfare was one of the policy areas that currently took up the largest share of government expenditure. We often hear Secretary Matthew CHEUNG mention that welfare expenditure in this year's Budget has increased by more than 10%, which is greater than other areas.

President, in the past, the Democratic Party has all along suggested that the Government should manage its finances from the perspective of redistribution of resources so that people with a higher income will pay more, and people in need can be provided with more services and support.

President, I have reviewed the data in relation to income tax over the past few years. In 2009-2010, government income from profits tax accounted for about \$76 billion; in 2010-2011, the sum was about \$90 billion; and the latest sum as reported by the Financial Secretary is about \$110 billion. If calculated over the last three years, income from profits tax has increased by more than 60%, while welfare expenditure has only increased by 10% or 8% annually. It is quite clear that as the income of the Government increases, its expenditure on welfare services has decreased. How can this give effect to the concept of

redistribution of resources? All along, the Government has relied on the trickling-down effect such that more resources can be allocated to welfare services with increasing tax revenue. However, it is clear that over the years, the Government has only increased its expenditure on welfare services by about 10% annually, while its income from profits tax and other sources has increased by some tens of percentage points. How can this Government be a good government? Under this practice, the general public cannot obtain practical support and greater satisfaction under a booming economy.

President, not only does a big contrast exist between the Government's approaches to tax revenue and welfare expenditure, there are many loopholes in its policies such that they seem ill-conceived.

The problems must be tackled at root if people's livelihood is to be improved and the wealth gap eliminated. When making its recommendations to the Government on the policy addresses and the budgets, the Democratic Party has always strived to propose measures which help tackle the wealth gap at root, or solutions which target the fundamental problems. These include measures to improve the social security system by re-establishing the Commission on Poverty, setting a poverty line and formulating comprehensive measures to eradicate poverty. However, it seems that the Government has neither provided any response to our proposals nor formulated any alternative measures which can effectively tackle the worsening disparity between the rich and the poor.

President, I must say that notwithstanding the Government's repeated emphasis about caring for the disadvantaged groups, we can see that these groups of people are getting increasingly disadvantaged, and the hardships they face are becoming tougher. The Democratic Party is not alone in this matter as even the Liberal Party expresses concern about the excessively long waiting time for elderly services. Hence, this is indeed a fact widely acknowledged by the majority of Members of the Legislative Council.

President, at present, the occupancy rate of subsidized residential care homes for persons with disabilities (RCHDs) is as high as 95% on average. The remaining places are in fact the newly-vacated ones awaiting allocation. In fact, the capacity of subsidized RCHDs is full. Given that the average occupancy rate of self-financed RCHDs is also as high as 85%, the overall capacity of RCHDs is near saturation. The average waiting time for RCHD places is really beyond

imagination: 80.4 months for hostels for moderately mentally handicapped persons, and 73.2 months for hostels for severely mentally handicapped persons. Separately, we are also well aware of the waiting situation of residential care homes for the elderly (RCHEs), and I need say nothing more. The average waiting time for places in subvented and contract RCHEs is 34 months, while that of nursing homes is 35 months. How can the Government bear to let this group of people who have the direst need and suffer from deteriorating health wait futilely in the last days of their lives for residential care services?

Although the Government keeps saying every year that it will increase the number of available places and resources, the waiting situation has not improved at all. We hope that the Government will increase the provision of RCHDs and RCHEs, and most important of all, the waiting time of such services can be reduced with the additional provision of care places.

According to the Democratic Party's suggestion to the Government, the standard should be set at half of the current waiting times. For example, an applicant on the waiting list of RCHEs should be allocated with a care place within 12 to 13 months. Otherwise, this elderly person may fail to be allocated with a care place before his death.

President, apart from the residential care need of elderly people and persons with disabilities, quite a number of elderly people and persons of disabilities require care services in their own homes. The lack of provision of such services is not only of concern to the affected persons, but also their families. Many family members may even have to give up full-time employment and make a big sacrifice in order to take care of these disadvantaged persons. The Democratic Party has all along suggested to the Government that a subsidy should be provided to carers who need to give up full-time employment in order to take care of their family members who are old or with disabilities. This can help alleviate the burden of carers, and encourage more people to provide home care for these disadvantaged persons. Regrettably, the Government has turned a deaf ear to our suggestion.

The Government has all along stressed the importance of upholding family core values, and the Family Council was hence established for a long time. Yet the current CSSA system is a slap in its own face because family core values are completely forgotten. As only elderly persons who live alone are eligible for

CSSA, the children they live with must sign the so-called "bad son statement" before these elderly persons can apply for CSSA.

The Democratic Party has all along suggested to the Government that the requirement of the so-called "bad son statement" should be relaxed so that elderly persons who live with their family members can also apply for CSSA. Apart from allowing elderly persons who live with their family members to apply for CSSA, we have also called on the Government to consider granting both the Disability Allowance and the Old Age Allowance to eligible elderly persons aged 65 and above. Again, regrettably, the Government has yet to accede to our request to date.

Notwithstanding the long-standing claim made by the Government that caring for the disadvantaged groups is its priority, its policies have seemingly failed to achieve this objective effectively. For instance, the one-stop service provided to mental patients and ex-mentally ill persons, as well as their family members is still inadequate. In October 2010, the Government announced its plan to establish 24 Integrated Community Centres for Mental Wellness (ICCMWs) across the territory. This was an initiative welcomed by the Democratic Party. To our regret, permanent sites have only been identified for only 13 ICCMWs so far. While sites have been identified for two ICCMWs, the plans failed to materialize due to opposition from local residents during consultation. For the remaining ICCMWs, no progress has been made so far. Under this circumstance, how can the Government provide comprehensive support for the need of mental patients as well as their families in the community?

President, I will also talk about labour issues regarding this year's Budget because this is probably the last budget presented by the Financial Secretary. Many people consider that since this is his farewell budget, he should at least make some long-term proposals for the labour sector in Hong Kong. But what we see are just repetitive measures, and no progress has been made at all in terms of labour issues. For instance, the Government still refuses to adopt a "dual-track" approach for the means test under the Work Incentive Transport Subsidy (WITS) Scheme. Although the Government has raised the income limit to \$7,300 in view of the small number of applications, the WITS Scheme still fails to benefit low-income earners living with their families. Hence, the Democratic Party still hopes that the Government can adopt the "dual-track" approach for the WITS Scheme to truly achieve the objective of providing work

incentive and transport subsidy for low-income earners, so as to encourage them to remain in employment by relieving their pressures of high transport costs for work.

President, we have also heard many voices in the community which stress the importance of adopting family-friendly policies or taking care of families. Regrettably, we have yet to formulate standard working hours to date. At present, many people have to work for over 60 hours per week, or even more, and they cannot enjoy normal family life. In some cases, while the nominal working hours of employees are just 40 or 48 hours per week, they must work long hours in order to finish their work or retain their jobs. If there is no legislation on standard working hours, employers can basically abuse the working hours of their employees wilfully, such that no improvement will be made to the employees' family life, well-being, mental stress, and so on.

President, we have previously suggested to the Government that one-stop employment services should be provided. Although the Government has taken on board our suggestion, regrettably, such services have only been provided in Tin Shui Wai so far. The Democratic Party has all along hoped that one-stop employment services can be provided in at least five districts over the territory. But this has yet to be achieved. I hope the Government can expeditiously provide one-stop employment services to the general working population in the near future, so that better services in job-seeking and work counselling will be provided to the employees.

President, I would now talk about transport issues. In the Policy Address, the Government pledged to provide fare concessions for the elderly to travel on general Mass Transit Railway (MTR) lines and franchised buses at a concessionary fare of \$2 per trip. This concession had been under discussion for a long time before it was formally announced in the Policy Address last October. While this concession is of course a beneficial initiative, the Democratic Party and a number of non-governmental organizations have been striving for this beneficial initiative for years. As the measure to allow elderly persons to travel free on public transport modes has been implemented in our country for a long time, Hong Kong is lagging behind the Mainland in this respect. Regrettably, the \$2 per trip concessionary fare has yet to be implemented to date. Hence, notwithstanding the Government's good intention, one cannot help but feel its ineptness in taking forward this initiative. I hope the Government can give

effect to the \$2 per trip concessionary fare as pledged in the first half of this year, which is going to end very soon with only the months of May and June left.

Of course, the Government has cited many technical arrangements as excuses. But I think technical arrangements should not be a problem for the Government at all. The problem faced by the Government is actually its willingness to give effect to this good initiative. Hence, I hope the Government will give effect to the \$2 per trip concessionary fare expeditiously, and explore the possibility of extending such concession to other modes of public transport, such as minibuses. We have even suggested that full concession can be provided to elderly persons for travelling on trams — at present, the single trip fare for elderly passengers is \$1 — such that they can take a free ride on trams. In this way, more concessions and better services will be provided to elderly persons in terms of their commuting by public transport.

Another issue of our concern is the increasing fare adjustments sought by the MTR Corporation Limited (MTRCL) even with its hefty profits. In order to hide its ugly intention of seeking fare increases, the MTRCL resorts to excuses such as the enhancement of railway safety, the provision of toilets in busy stations, and so on. However, the provision of such facilities will take five to six years. Therefore, toilet facilities will not be provided in all MTR stations even after 10 to 20 years. President, we hope the Government can urge the MTRCL to provide more fare concessions to passengers as soon as possible. We encourage the MTRCL to provide same day return half-fare concession to passengers on long-haul trips, to extend the daily, weekly and monthly travel passes to all MTR lines, and to establish a fare stabilization fund with part of its proceeds from property development and other non-fare revenue, so that the burden of transport cost on the general public (*The buzzer sounded*) can be alleviated. Thank you, President.

DR PHILIP WONG (in Cantonese): President, the Chinese General Chamber of Commerce (CGCC) which I represent supports the 2012-2013 Budget. We concur with the direction of "supporting enterprises to preserve employment and promoting economic development to protect people's livelihood" proposed in the Budget, and consider that the relevant measures can help stabilize the economy and strengthen the resilience of enterprises, while striking a balance between

meeting the demands of various sectors in society as well as the need for sustainable economic development.

I have pointed out on various occasions of the CGCC and the Business and Professionals Alliance that the past five years had been a critical period for Hong Kong as we managed to reverse our desperate position by taking each step precariously. During that time, Hong Kong has braced serious impacts arising from complicated problems in the external economy, including the once-in-a-century financial tsunami. Miraculously, we have not only survived, but our economy has also rebounded with amazing strengths, such that the next-term Government can commence in an environment of ample fiscal reserves and with a very low rate of unemployment. This achievement has earned worldwide acclaim. How can we find another place like Hong Kong in this world? My endorsement and admiration for such an invaluable achievement are heartfelt, and I consider this a contribution for the overall and long-term interest of Hong Kong made by the SAR Government, including the Financial Secretary who always adheres to the principles of prudent financial management and the commitment of caring for people's livelihood. Notwithstanding the hidden worries in the coming year, as well as various criticisms in society, most people consider that the current-term SAR Government has diligently fulfilled its duties during those difficult times, such that its work can be concluded satisfactorily through caution and conviction. That is indeed a remarkable feat.

I want to point out in particular that Hong Kong's greatest opportunity is in the Mainland. While we should of course cherish and be happy about the good ratings given by international agencies for Hong Kong's economic freedom, competitiveness, policies to counter the financial crisis, and so on, we know that this is the result of the hard work made by all sectors of society. In particular, we should not ignore the major trend of economic integration between Hong Kong and the Mainland, as well as the concern and attention, as well as enormous support and assistance rendered by the Central Authorities to Hong Kong over the past five years and in other times. In the Report on the Work of the Government delivered by Premier WEN Jiabao in early March, a lot has been said on the challenges faced by Hong Kong's economy, as well as the policies and measures to be adopted by the Central Authorities to support Hong Kong in various aspects. Undoubtedly, the national power of China is no longer what it used to be. China is now a major player in the world stage and it propels economic growth around the world. With the growth of the mainstay of the national economy remains

relatively high, Hong Kong will obviously stand to gain. I hope this trend will continue.

President, Hong Kong's functions and positioning have clearly been defined in the National 12th Five-Year Plan, such that Hong Kong has formally been incorporated into the blueprint for the overall development of our country, and become an important part of national economic development. As Premier WEN said, Hong Kong is closely bound with the mainland of China and we share a common destiny. This expression does not only set the tune for the functions and value of the Hong Kong SAR, but also reflects the real situation. With the relocation of manufacturing operations to the Mainland over the past several decades, Hong Kong has been participating in the reform and opening-up of China. Today, Hong Kong should participate even more actively in the new round of development in the Mainland by leveraging its unique advantages in service industries, and so on.

The overall theme of the "two sessions" convened in Beijing this year was to "make progress while maintaining stability". While stressing that Hong Kong should make progress while maintaining stability, Vice-President XI Jinping called on the people of Hong Kong to look at the bigger picture as "the unity of brotherhood can even cut gold". I hope the SAR Government will tightly grasp the opportunities presented by the National 12th Year Plan and strengthen the implementation of the 36 policy measures announced by Vice-Premier LI Keqiang, as well as the relevant supplements to the CEPA. Hong Kong should make better use of the series of support policies implemented by the Mainland, so that it can serve and promote economic development in the Mainland whilst it can make progress amidst stability and achieve excellence amidst progress, extend the scope of our financial, commercial and trade services globally, as well as achieve new breakthroughs and development. I suggest that the Government should consider ways to achieve further opening of Mainland markets for Hong Kong's service and trade industries, promote Hong Kong's economic restructuring, as well as help small and medium enterprises (SMEs) become familiarized with the various means to develop Mainland markets.

President, given the increasing risks in the external economy at present, it is expected that Hong Kong's economic growth will undoubtedly be affected. Faced with the complexities of a severe economic environment, enterprises should step up their senses of crisis and danger, and ensure proper safeguard and

management of all kinds of risks. I think the proposal made in the Budget to enhance the SME Financing Guarantee Scheme can help enterprises resolve their difficulties in financing and obtaining loans. Moreover, measures such as waiving the business registration fees, offering a rebate of part of the profits tax, and so on, can also suitably alleviate the economic pressures sustained by enterprises. While serving to increase the resilience of enterprises against adversities, these measures can also help stabilize the employment situation and allow people in various sectors of society to live and work in contentment.

I hope the SAR Government can implement the measures to facilitate the financing of SMEs as soon as possible. The Government should also closely monitor the impact caused by swings in the external economy on SMEs, such that more assistance will be provided to SMEs at times of economic downturn in future. As a matter of fact, the SAR Government can consider setting up an approved risk assessment agency to support the credit rating systems in the Mainland and Hong Kong, which can facilitate the raising of capital by Hong Kong-owned SMEs in the Mainland, and provide them with more diversified modes of financing.

President, under the high inflation environment and a worsening economic trend, pressures are felt by various sectors in society. I think the greatest expectation of the general public is that the Budget can take care of the interests of the business and commercial sectors, while allowing members of the public to share the fruits of economic success. This year's Budget has specifically responded to the demands from various sectors in the community, including the various relief measures proposed by the CGCC earlier to the Financial Secretary for reducing salaries tax, raising the basic allowance, the child allowance and the allowance for maintaining a dependent parent, providing an extra allowance to Old Age Allowance, Disability Allowance and CSSA recipients, continuing to grant subsidy for electricity charges, waiving of rates, and so on, so that members of the public as well as various trades and industries can benefit. It is conducive to promoting harmony in society.

I support the series of measures proposed in the Budget for promoting economic development and harmony in society. I also hope that the SAR Government can seriously consider the recommendations made by the CGCC earlier for formulating the direction and strategies for Hong Kong's long-term development, including formulating our population policy for the future;

implementing the land and housing policies outlined in the Policy Address last October; strengthening the support provided to retired elderly persons living in the Mainland; enhancing comprehensive support services provided to young persons to ensure their healthy development, and so on.

President, in respect of promoting regional economic development, I welcome the Budget's proposal that Hong Kong needs to actively pursue participation in multilateral and regional economic co-operation, as well as the Government's move to convey to ASEAN our wish to join the China-ASEAN Free Trade Area. The CGCC has been advocating to the Central Authorities as well as the SAR Government through various channels for Hong Kong's ascension to the China-ASEAN Free Trade Area, in order to enhance Hong Kong's position as a regional trade and logistic hub. I am delighted to see that the CGCC's proposal has been accepted by the Central Authorities and the SAR Government. In his Report on the Work of the Government, Premier WEN also highlighted the support given to Hong Kong and Macao "in participating in international and regional economic co-operation".

I would like to mention briefly that planning is already underway by the relevant departments to convene the Submit Forum on Regional Co-operation between Hong Kong and East Asia in Hong Kong this year to bring together top-level personnel in the political, business and academic sectors in various East Asia countries, the Mainland and Hong Kong, so as to jointly explore business opportunities for regional co-operation under the new economic situation. I hope this Forum can bring about positive energy for enhancing Hong Kong's competitiveness globally in the future.

Thank you, President.

MS CYD HO (in Cantonese): President, this year, I want to discuss with the Government the following matters: what indicators we should use to gauge economic activities of Hong Kong, whether society has progressed because of such activities, and whether the livelihood of people has improved. In the past, the SAR Government has been promoting development in a "bull-dozer" approach, and it would tell us every year how much Gross Domestic Product (GDP) has increased. Since 1997, Hong Kong has encountered two economic

crises, and our GDP has increased by 50% from \$1,360 billion in 1997 to almost \$1,900 billion this year, and per capita GDP has also increased to US\$34,000.

Nonetheless, President, figures can only reveal part of the fact while incomprehensive figures can even mask the truth, such that the Government can casually dismiss the disparity between the rich and the poor in society. When members of the public are told that our per capita GDP is as high as US\$34,000, they would immediately ask, "How come I earn so little? How come my livelihood has not improved and I still cannot make ends meet? How come I have to work such long hours every day, but still cannot live in contentment?" If we only look at the movements of GDP figures, we can see that they really fail to accurately reflect whether the overall livelihood of Hong Kong people has improved or otherwise. On the contrary, the Government can hide the truth behind these figures, and they also become the Government's excuse for not adopting a proactive stance in poverty alleviation.

President, first of all, average figures cannot reflect the overall situation, particularly in respect of the situation of the rich and the poor. In Hong Kong, there are a handful of people who are mega-rich, yet they possess great wealth. The situation of the grassroots and the poor on the other side is exactly the opposite. Their numbers are massive, yet they possess no wealth. Hence, we cannot get a real glimpse of the disparity between the rich and the poor from the average figures. As officials of the SAR Government feel smug about the US\$34,200 per capita GDP, we see another truth. What is that truth? In fact, only 10% of the population in Hong Kong earns a monthly income of over HK\$30,000 — that is only 10% of the population, whereas the poverty population of Hong Kong is as high as 1.5 million. Therefore, if the Government always gives an account to Hong Kong people with average figures in its budgets, it is in fact casually dismissing the support required by the poverty population.

Secondly, GDP figures can neither illustrate the areas the money is spent, nor the origin of economic activities. For instance, in the aftermath of the earthquake in Sichuan, China, as well as the tsunami and nuclear crisis in Japan, reconstruction works of a massive scale were required, such that the demand for construction materials spiralled, and the demand for healthcare and counselling personnel, as well as construction workers had also increased substantially. All these factors can push up GDP figures, but it does not mean that people's

livelihood has improved. It only serves to illustrate that with these reconstruction activities, people's lives will not be too miserable.

Let me give another example. If we spend money on acquiring surveillance and eavesdropping equipment, or deploying additional staff to suppress demonstrations or public meetings, or acquiring tear gas grenades, and so on, people will lead a more miserable life. Or when the Government spends \$67 billion to construct the Express Rail Link, what benefits can this project actually bring to the lives of ordinary citizens? Therefore, when the Government claims that its governance or public finance management is people-based, it should adopt another set of standards to gauge and assess economic activities and social progress. The Government should adopt this set of standards to inform the people in its annual budgets whether the use of public funds and public resources meet the required standards.

In 2008, a commission was established in Europe to study and formulate a set of new indicators of social progress and people's quality of lives. Its members include Nobel economics laureates Dr Joseph STIGLITZ and Dr Amartya SEN in 1998 and 2001 respectively. In its report, the commission reviewed the inadequacies of using GDP as a sole measure of living standards as adopted by various governments. Receiving great support from the Organization for Economic Co-operation and Development (OECD), the commission now vigorously promotes and publicizes this set of indicators among OECD's 34 member countries for measuring basic necessities of material life, as well as sustainable development.

There are altogether 11 indicators, respectively on housing, income, work, education, health, environment, social connections, governance, life satisfaction, security, as well as work-life balance. Specific data will be measured under the scope of each indicator. Take, for example, education, which is measured against the overall academic attainment and literacy of the population, rather than the sole factor of resource allocation on education or the number of years of free education offered, so as to ascertain the overall level of academic attainment brought by such free education for the entire population.

For instance, in respect of the environment, the focus is not about how many hundreds of millions of dollars were spent on conducting energy audits for buildings; rather, it is about the number of suspended particulates in the air. For

example, in New Zealand, the level of suspended particulates in the air is 12 µg per cu m, and the indicator in respect of work-life balance is the percentage of mothers re-entering the job market after their children start schooling, as well as the annual working hours of the working population. Hence, although the per capita income of New Zealand is only US\$19,000, it performs exceptionally well among OECD countries as indicated by various aspects of life quality of its people.

China is one of the six partner countries of OECD and hence, Hong Kong can participate in OECD activities through this connection. We should make reference to this set of indicators adopted by OECD to serve as indicators for assessing public finance management in Hong Kong. If this set of indicators is used to assess Hong Kong's current situation, some ridiculous phenomena will emerge. For instance, while Hong Kong will definitely rank among the top five in terms of per capita after-tax income, as I have just said, this cannot reflect the suffering of the grassroots.

In respect of housing, how many people in Hong Kong live in self-owned properties, such that they need not worry about deteriorating living conditions due to increasing property prices as a result of speculative activities or the burden of high rental? In fact, as early as a decade ago, 67% of the population in OECD countries has acquired home ownership. In other words, more than two thirds of the people are free from the threat of high property prices. However, only one third of the population in Hong Kong has acquired home ownership. Moreover, it is uncertain how many of these people are still repaying their mortgages, such that most of the household income is used for mortgage repayments. Among OECD population, each person owns 1.6 flats on average. As a comparison, the situation in Hong Kong is pathetic. Many people are now living in industrial buildings, unauthorized metal shacks on rooftops, or even "sub-divided units" or "coffin-sized units". At present, we are still struggling and debating whether the sitting residents should be vacated mandatorily so that these potentially hazardous structures can be cleared, and what rehousing arrangements should be made for the affected residents. That is really a shame. Among the OECD countries, only 2.6% of the population lives in accommodation without basic facilities such as water closets. But in Hong Kong, cement as thick as six inches must be put on the floor in order to provide toilet in individual "sub-divided units", which undermines building safety. As a result, tragedies such as the building collapse incident at Ma Tau Wai Road could happen.

Notwithstanding our high GDP, we must still resolve many issues of poverty. This aptly demonstrates the fact that the Government should change its indicators for measuring economic activities and social progress in Hong Kong.

President, there are also two indicators worthy of particular attention in Hong Kong. The first one is about life satisfaction which can be subjective to a certain extent. In the relevant surveys, the respondents will be asked to state the average number of episodes which create positive or negative feelings for them on a daily basis. Countries which perform below the average in this indicator, including Hungary, Estonia and Turkey which straddles Europe and Asia, are all new democracies of Eastern Europe with relatively less mature political systems, and their level of life satisfaction is less than 35. As for countries like Finland which has a mature democratic system of government and sound social security system, as well as other Northern European countries, their level of life satisfaction is as high as 85%. However, Hong Kong people must work extremely hard every day in order to make ends meet. This has created great pressures for them in life. Petty arguments can easily escalate into confrontational situations or domestic violence incidents with family members torturing each other. This is indeed a heavy price to pay for society, and a great deal of social resources is needed to deal with these confrontations and conflicts. However, it has never occurred to the Government to find out whether Hong Kong people are really happy or not. Is it because the Government never wants to know how Hong Kong people truly feel about their everyday life, or is it just afraid to face the music? The duty and mission of a government is to serve the people. Hence, we should seriously look for answers to these questions and identify the relevant causes so that improvements can be made expeditiously.

Another indicator is related to the measurement of support among social groups. The respondents will be asked about the amount of time they spend with friends and families on a weekly basis, and whether they are confident to seek support from friends, family members or other persons in case they encounter any setbacks or difficulties in life. However, Hong Kong people can barely take care of themselves as they are hard pressed by many monopolistic charges, as well as various livelihood expenses from monopolistic operations. Given the lack of a sound social security system in Hong Kong to provide unemployment insurance and retirement protection for the people, the ordinary citizens must fend for themselves in each and every matter. However, their

hard-earned savings will quickly go to the pockets of consortia under the monopolistic system. Not only are the grassroots gravely worried about their livelihood, the middle class and the professionals must also face enormous livelihood pressures. Notwithstanding their long working hours, they cannot necessarily meet the expenses arising from healthcare and educational services which have become increasingly privatized, let alone housing expenditure. As a result of such livelihood pressures, the middle class lacks a sense of security. They worry that in case they lose their jobs in the financial turmoil, nobody will provide them with any assistance. Hence, the Government should make use of its fiscal reserves now and expeditiously establish a diversified unemployment insurance scheme (including features such as loans and contributions) to cater for the needs of different classes. This is something that we can all consider. However, the Government just sits on its reserves and does nothing. There is a lack of adequate resources in all aspects, ranging from housing, retirement protection to unemployment protection, or even the provision of obstetric services and columbarium niches. It can be said that resources are inadequate to meet the needs of a person from birth to death. Given the Government's improper financial management as well as inadequate resource allocation, deep-rooted conflicts have been created among different groups in society, which in turn result in our current xenophobia. As a matter of fact, public finances should be managed for the people, with those who are more capable paying a larger sum. Public finances should be used to help the disadvantaged in order to eradicate the inequalities in society. Instead of just focusing on the amount of resources allocated, we must also assess whether government expenditure has been used effectively and properly from the perspective of users and members of the public. While I think it is unlikely that the Government will implement this set of indicators, the non-governmental organizations of Hong Kong will promote the same to the civic society under the spirit of self-help, so that we, together with the civic society, will drive the Government in each and every policy area to become a government serving the people. Thank you, President.

DR PRISCILLA LEUNG (in Cantonese): President, in a poem written by the Chinese poet LI Bai, a couplet reads as follows, "Yet monkeys are still calling on both banks behind me, to my boat these ten thousand mountains away."³

³ <<http://etext.virginia.edu/chinese/frame.htm>>

Although this final Budget has proposed to spend a hefty \$80 billion for "handing out candies", I think it is the least discussed budget in Hong Kong society over time because all newspapers have given wide coverage to the ongoing election of the Chief Executive, which is like "monkeys are still calling on both banks behind". The press has effectively neglected the last Budget delivered by the Financial Secretary in office — a Budget he has prepared as a financial bridge between the two terms of the SAR Government. I recall that when I commented on the Budget 2009, I pointed out that the Government had ignored the "most miserable classes" in the middle, as well as the fact that the middle class of Hong Kong had suddenly lost all their assets after the Lehman Brothers minibonds incident. At that time, the middle class was full of grievances. In the ensuing year, housing had become a major problem in Hong Kong as a result of escalating property prices. When I commented on the Budget 2010, I expressed the wish that the Government must act with foresight and conduct population planning for Hong Kong in the next five, 10, or even 15, 20 years, such that decisions could be made on the supply of Home Ownership Scheme flats, the amount of foreign capital to be attracted to invest on local properties, the supply of public rental housing units, and so on. In this way, we can sustain the healthy development of the property market while meet the actual needs of the population.

Last year, that is, in 2011, the Financial Secretary was eventually forced to "hand out cash". As pointed out by Honourable colleagues just now, when the Financial Secretary eventually decided to "hand out cash", he was then criticized for not being smart in his move. I think last year's Budget can be compared to a dragonfly which barely touches the water surface. Originally, I hoped that this year's Budget could be like the strokes of Chinese calligraphy that end on a forceful note. It was also my hope that the Financial Secretary can formulate some pioneering policies which are forward-looking and aspiring for the next-term Government, so that we can be left with some good memories of his benevolent policies in the past five years. However, the Financial Secretary still clings to the approach of "crossing the river by feeling the stones" in his final budget, such that only piecemeal achievements have been made. Therefore, overall speaking, the Financial Secretary has not made any major mistake in the past five years as I think he is probably one of the Financial Secretaries who has handed out the most "candies" in our history. However, if members of the public are asked to name some major benevolent policies of the Financial Secretary, they will probably have little recollection.

President, youth problem in society is one of our major concerns today. Young people are the most valuable talents we have. In the middle of this year, the Kowloon West New Dynamic conducted a questionnaire survey on 1 870 young people to solicit their views on their needs. In particular, the survey focused on their needs in the following four areas: academic study, employment, business start-up and home ownership. According to findings of the survey, over 64% of the respondents considered it difficult to find an ideal job. The difficulty in finding an ideal job does not mean that they cannot find a job; rather, they cannot find any satisfaction in work such that some young people prefer to become "home-stayers".

When asked about their aspiration to start their own businesses, almost 60% of the respondents indicated a wish for starting their own businesses over seeking help from the Comprehensive Social Security Assistance Scheme. Some hard-working students even said that they hoped to have more self-study rooms in the community. As indicated by findings of the survey, these so-called "post-80s" and "post-90s" young people do not merely want to stay home and play electronic games, as it is commonly believed in society. Instead, these young people are also ambitious, but they do not have the opportunities to perform under the policies of the Government.

In this respect, we may as well make reference to overseas experience. Many suggestions have been made about setting up a business start-up fund for young people. However, young people may lack the necessary business or management experience to maintain the viable operation of their businesses afterwards. If their businesses have to close down eventually, as in the case of many social enterprises, the young people concerned may lose self-confidence and become dejected. We suggest that the business start-up fund should model on the "angel funds" in overseas countries, such that business leaders and university academics can provide young people who intend to start their own businesses with the necessary operational advice, so that their ideas and concepts can be developed healthily. At the same time, we have all along urged the Government to provide rent concessions, including concessions for renting premises in industrial buildings or offices, so that these young people can really have the opportunity to fulfil their dreams.

Secondly, in respect of academic study, what young people want most are more self-study rooms. Why is that so? That is because their study

environment is still unsatisfactory. I do not know if the current-term Government intentionally left a present for the next-term Government with regard to the provision of 15-year free education. Regarding the policies of providing 15-year free education, allocating additional resources, reducing the pressures of teachers and students, and lowering the teacher-student ratio, I think there is more or less a consensus in the education sector. Moreover, the education sector should have also reached a consensus as regards the implementation of small class teaching and the measures to address the learning difficulties of mentally handicapped persons and other disadvantaged groups.

Associate degree is a by-product arising from the education reform many years ago. We should also regard associate degree students as our own flesh and blood, and provide them with the best resources and optimum opportunities of further education and employment. In this regard, the Government should allocate additional undergraduate places for associate degree students, and in respect of such places, encourage those associate degree graduates who have yet to attain the necessary qualification to continue upgrading themselves, so that associate degree students can be provided with more opportunities for further education and self-enhancement without lowering the standard of universities.

Youth employment is also a problem which Hong Kong society must face. In the past decade, many young persons might think that academic achievement was the only way out, and they would be extremely frustrated if they could not gain admission to undergraduate or post-graduate studies. In fact, many successful people in Hong Kong who have gained worldwide recognition do not necessarily excel in academic achievement. In this respect, a pragmatic approach should be adopted for education in Hong Kong, such that young people are encouraged to make achievements through other means other than academic study. One of the industries that I am thinking of is the construction industry which has always been underrated. Apart from asking construction workers to overcome the psychological barrier, should the Government also allocate additional resources in this regard such that due recognition can be given to the construction industry? Another example is the urban beauticians. When I visit various cities in Europe, I find that local construction workers can become "masters" with several years of experience. As their wages can be on par with other professionals, suitable talents are attracted to join the profession, which result in the uplift of the standard of construction industry in these countries.

Separately, I also welcome the Government's move this year to take on board our suggestion to establish an International Cuisine College, which provides an excellent opportunity for Hong Kong to become a gourmet city. As a matter of fact, students nowadays do not only aspire to become doctors in the academic field or the conventionally esteemed "three professionals" (that is, accountants, lawyers and medical doctors) as they may consider these professions boring. Many young people who are keen on playing electronic games from childhood may have acquired many other interests, and some may even want to be beauticians. Beauticians are also professionals, and many people in this profession have gained success by seizing the opportunity, or even become Chairmen of listed companies. At present, the beauty industry has even become a big business in the Mainland. Hence, we should encourage young people to seize the opportunity to start up their own businesses in various trades and industries. I greatly support the setting up of business start-up funds for young people as well as "angel funds", and the Government should also pool its resources together, so that young people will not feel being neglected.

At the end of last year, many lives were taken away by the fire at Fa Yuen Street. At that time, I raised an urgent question in the Council, expressing the wish for the Government to seriously consider setting up emergency disaster relief funds. Victims in the incident did not only include the residents, but stall operators and owners as well; they should also receive care and assistance. In the year before last, a serious fire also happened in the same location. Many stall owners and operators had rebuilt the hawker stalls with their own funds, and they only barely survived the dire situation that year. After two serious fires, should the Government seriously consider allocating the necessary resources to improve the fire safety of hawker stalls, which includes studying the introduction of high-tech sprinkler systems, vapourizing systems and alarm systems, so that the number of casualties can be minimized in the eventuality of fire hazards? The target of emergency disaster relief funds should not only be limited to victims as hawker stalls are also a special feature of Hong Kong's historical development. I think hawker stalls with characteristic features should not be abolished just because of one fire. In fact, they are welcomed by tourists. I think we should instead make reference to overseas experience and strive for additional resources. I hope the Government can allocate additional funds to implement the relevant initiatives so that the matter can be dealt with squarely within its current term because the two fires both happened within this term of Government.

The middle class as well as the small and medium enterprises indeed receive a candy this year. I welcome the measure. Compared with the past four years, this year's Budget has placed more emphasis on caring about the middle class. I also hope that not only tenants of public rental housing (PRH) units can benefit from the proposed waiving of rental, tenants of public market stalls in PRH should also be given rental waiver for one year.

Regarding home ownership, I think young people have the greatest aspiration for home ownership. Of course, we do not encourage young people to acquire properties once they graduate; instead, we hope that they buy their own flats after working for a few years — which is also the practice of our generation. The Government must give them hope from a policy perspective, such as by providing loans for down-payment or providing interest-free loans, so that young people with stable jobs, having worked for two to three years in society, and with the prospect of getting married and starting their own families can live in a relatively affordable flat. That should be the direction we strive for.

Of course, the circulation of youth housing units and hostels for youths should be issues requiring study by the next-term Government. Nonetheless, Chinese people always aspire to home ownership, and I think under such aspiration, parents of these young people also want them to have the opportunity of home ownership. I think we should try our best to help them make their dreams come true.

If assistance cannot be provided immediately — I think we all understand that the Government cannot guarantee "home ownership for all", we should encourage young people to face the reality — we should consider the direction of providing them with rental subsidy. Since 2010, I have been requesting the Government to consider providing rental subsidy for private housing, so as to resolve immediately the housing problem faced by small families in the middle class. I consider that housing problem is more important than home ownership problem. I think if they can have a relatively reasonable living environment, the grievances in society will not be so serious.

Moreover, the issue concerning "doubly non-permanent resident pregnant women" has again created problems in terms of population policies and planning. In fact, when major disputes on housing problem occurred in 2010, many people had already suggested the need to review the population policy. However, the

Government has done nothing in the past five years to tackle this major problem concerning life, ageing, sickness and death, as well as resource allocation from a policy perspective, such that its performance in this regard still fails.

As the saying goes, "having an elderly person at home is like having a gem". Although it may not be possible to implement universal retirement protection from the perspective of elderly policy, I hope the current-term Government can make some breakthroughs in respect of transport and healthcare. If elderly persons can take free rides on public transport, they can enjoy life better, it can also help relieve the burden of young persons in their families. If elderly persons feel assured in respect of public healthcare, it can also help relieve the burden of young persons in their families, such that the families as a whole can live more happily.

I hope that while the next Chief Executive "crosses the river by feeling the stones", he must also make longer-term planning in respect of water quality, harbourfront development, housing and elderly policies, and so on. I hope the next Chief Executive will "roll up his sleeves and walk out of his air-conditioned office", and conduct more visits to local districts to feel the public sentiment, such that he can achieve people-based governance by ensuring that what comes from the public would be spent on the public.

President, I so submit.

MR FREDERICK FUNG (in Cantonese): President, regarding this Budget delivered by the Financial Secretary, I can only say that this is a short-sighted budget without any vision which can neither resolve the core conflicts in Hong Kong, nor respond to the young people's expectation for a vision.

Although unlike the Chief Executive, the Financial Secretary is not charged with the responsibility of dealing with political issues, we can still recall the vision pledged by the Chief Executive during the 2007 election, as well as the policy addresses over the years. In particular, the expectation he raised in his election platform was comparatively wider and deeper than that stated in the current Budget delivered by the Financial Secretary. At least, we are given a vision which includes measures to deal with the problem of poverty, develop social enterprises and promote diversified economic development. However, not only the Chief Executive has done nothing to realize such vision over the

years, the Financial Secretary has also done nothing to promote the vision stated by the Chief Executive through the budgets. One cannot help but ask: what can the people expect from this sunset government, what vision can this sunset government give to the people, how can this sunset government present a budget that helps resolve the core conflicts of Hong Kong in the long run?

The Budget is not without any merits. In the Budget, certain short-term problems and relief measures have been mentioned, including waiving rates subject to a ceiling of \$2,500 per quarter; granting each residential electricity account a subsidy of \$1,800; providing an extra one month payment to recipients of Comprehensive Social Security Assistance, Old Age Allowance and Disability Allowance; and paying two months' rent for public housing tenants. All these are one-off relief measures. Of course, such one-off relief measures have been provided in the past few years. I would not say it is wrong, let alone meaningless, to repeat such measures. For the low-income group, they can indeed benefit from these repeated measures, despite being petty in nature. Nonetheless, we can draw a conclusion from these benefits. In the case of waiving of rates, the logic is that the bigger the flat, the higher the rent, and the greater the amount of rates to be waived. Let us look at another example. The reduction of salaries tax, which is subject to a ceiling of \$12,000, further illustrates that people with higher income can get a larger amount of tax refund, and some can even get the maximum refund of \$12,000. But for people with lower income, they can only get a lesser amount of tax refund, and those with no income cannot get any tax refund at all. Of course, it is even more regrettable that nothing has been proposed in the Budget to take care of the "N-nothings" whom we have been talking about over the years.

Although consideration has been given by the Community Care Fund (CCF) recently to provide one-off financial support to the "N-nothings", this initiative only serves to illustrate that both the CCF and the Government have not really heard the views expressed both inside and outside this Council over the years that support should be provided to those persons and families with the greatest need, especially the "N-nothings". Compared with the higher-income families or persons receiving a greater waiver of rates, the livelihood of the "N-nothings" is even more difficult. Why have they not been taken care of over the years? Notwithstanding the views we expressed, why does the Government turn a deaf ear to these views and make no indication that it will study the matter from certain aspects so as to provide the "N-nothings" with assistance?

President, over the years, the Hong Kong Association for Democracy and People's Livelihood supports the Government's initiative to hand out \$6,000 to each Hong Kong permanent resident, subject to several conditions. The first condition is that the Government should have substantial fiscal reserves. Last year, Hong Kong's fiscal reserves exceed \$50 billion, and this could be used as a benchmark. The second condition is that there are long-term initiatives to be pursued by the Government. These initiatives are approved by us and incur a substantial amount from the fiscal reserves. Under these circumstances, it is reasonable that the Government should not or needs not hand out \$6,000 again. Yet, the Government's revenue remains substantial — it amounts to over \$60 billion this year — and no long-term initiatives have been proposed to resolve the core issues or promote diversified economic development. We thus consider that by selectively giving out money to different groups of people in the community, including the high-income group and persons receiving a greater waiver of rates that I just mentioned, the Government is just giving out more money to persons with higher income. In that case, I must ask: why the Government cannot hand out \$6,000 to each resident again?

Some people consider it improper to hand out \$6,000 to each resident again because money should only be given out to the needy. However, why should the money be left in the public coffers when the necessary initiatives are not pursued by the Government? Last year, our fiscal reserves amounted to over \$60 billion. Regardless of the sources of such revenue, it was earned through the collective efforts of Hong Kong people. If the Government is not going to spend that money, why is it unfair to hand out the same amount of \$6,000 to each resident, so that the general public can share the fruits of Hong Kong's economic achievements? Moreover, I think the Financial Secretary should know very well that according to different surveys, the initiative to hand out \$6,000 last year was the one most welcomed by the people. Of course, some people would say that members of the public are of course happy if the Government hands out cash. But I must reiterate that cash handouts should only be made under two conditions: firstly, the Government should have substantial fiscal reserves, say, over \$50 billion; and secondly, the Government does not pursue long-term initiatives.

President, speaking of long-term initiatives, apart from the problems I have just mentioned, I would also like to talk about other problems. At present, Hong Kong's economy is basically unitary, relying on real estate and financial services.

I completely fail to understand why the SAR Government has not leveraged our strengths, including our talents and financial resources, to promote other economic industries in the past 10-odd years since Hong Kong's reunification with China? Notwithstanding the promotion of six industries proposed by the Chief Executive in his policy addresses, why did these industries contribute a mere 2% growth in Hong Kong's GDP over the past three years? That is clearly a case of "talking as though one is invincible", but the matter is just left to the forces of the market once actions are required. It is evident that the concept of administration of "big market, small government" has neither helped the Chief Executive promote the political platforms he proposed and advocated, nor implement the initiatives he considered necessary. Why has the Financial Secretary failed to respond in this regard when making resource allocation each year? Will he accept the suggestion we made previously to establish a new fund for industrial promotion (such as by allocating \$50 billion), so as to promote each of the six industries proposed by the Chief Executive according to a priority list? Separately, for instance, regarding the green economy, creative industries and information technology enterprises which have all along been advocated in this Council, the market always considers them to be non-profitable and difficult to operate. Will the Government take the lead by building the necessary platform and foundation for their development? Once the platform and the mechanism are in place in the market, investors will see a prospect of profit. In that case, is it possible to achieve substantial development for these industries?

Hence, we have all along suggested that the Government should invest in these new industries by adopting the approach of participate first, retreat later. Even if the market is really not interested, the Government can set up non-profit making companies to promote these industries, along the model of the MTR Corporation Limited or even that of social enterprises. Notwithstanding the numerous options, why does the Government refuse to consider and deal with the matter at all?

We believe that with the diversification of industries, it will not only encourage competition in the market and create employment opportunities for different salary levels such as refuse collection workers and other professionals, but also bring about the development of sustainable energy and other technologies. From the several industries I have just quoted, the new generation will know that so long as they have acquired the knowledge and work diligently, they will have the opportunity to realize their dreams. In fact, by developing

more industries, the Government can kill two birds with one stone, that is, making multiple achievements with a single initiative. Is convention wisdom really wrong, infeasible and impracticable? But if government wisdom is practicable, why are the problems of wealth gap and a unitary economy which I just mentioned still exist to date? Why does our next generation have no vision? If the Government still refuses to make changes in this regard and adopt a new governance philosophy, I cannot see how the next-term Government can make a breakthrough of this deadlock in the coming five years.

President, another point that I want to talk about is the problem of housing. We all know that while the Government ostensibly agrees to the resumption of the Home Ownership Scheme (HOS) under great pressures in society, the old and new schemes are by no means the same. Under the current HOS, loans will be provided to eligible applicants to purchase the HOS flats such that they effectively acquire ownership of private properties after paying up their loans. As for the My Home Purchase Plan (MHPP) announced earlier, it is diametrically different from the HOS. If the Government really wants to solve expeditiously the housing problems faced by Hong Kong people, and adopts the HOS policy which has been effective in the past 20 to 30 years, I do not understand why it cannot act with resolution and decide immediately to convert the land sites earmarked for the MHPP to the HOS? In that way, HOS flats can be completed in 2014, and the application process can proceed as early as 2013 (that is, next year). Ultimately, the Government refuses to adopt such a quick and direct solution because it still adheres to the governance philosophy that the market is in the best position to resolve the problem. However, I do not know if the Financial Secretary and the Chief Executive are aware that the market is always money-oriented, and it will do nothing that is unprofitable, less profitable, let alone loss incurring. If they do not know, they should not occupy their present positions.

As housing is not only a source of profits for the business sector, but also a daily necessity for members of the public, hence the Government should not only strive to satisfy the needs of the business sector, but also meet the basic necessities of the people. Social stability can only be maintained when the basic necessities of the people are fulfilled. Once the society is stable, the business sector can then achieve development or even make greater profits under a stable social environment. I think this logic is as simple as ABC. Has the Financial

Secretary ever consider the matter from this perspective? Has the Chief Executive ever consider the matter from this perspective?

I still hope that the SAR Government can implement the new HOS expeditiously — not just the former HOS — I even suggest that flats built under the resumed HOS should fall into another category of housing delinked from the market. If the target buyers of such HOS flats are households with a monthly income of less than \$30,000, the owners would not be required to pay any premium when such flats are resold in the future. But these flats must be resold to households with a monthly income of less than \$30,000, so that these non-commodity properties can circulate among the needy households.

President, I must reiterate that the SAR Government should not govern the market, or it should not only govern the market; instead, it should monitor the market so as to ensure competition. The SAR Government should not only let the market help us build a new city, it should also provide the needy with — or ensure that persons falling victim to problems created by the market are provided with — a reasonable basic level of livelihood and housing. Hence, the SAR Government must do its job right as the SAR Government, such that it should not only focus on the market in future, but also the people, especially the 1.2 million poor people in Hong Kong.

Thank you, President.

MR CHAN KAM-LAM (in Cantonese): President, this year's Budget is the last budget of the current-term Government. In my speech I wish to put forward the views of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) on the fiscal policy of Financial Secretary John TSANG or the Special Administrative Region (SAR) Government in the past four years or so.

Looking back, it can be said that the Government's financial status has been quite satisfactory since Financial Secretary John TSANG assumed office. In his first Budget, it was announced that the previous year, that means 2007-2008, had recorded a fiscal surplus of over \$100 billion. Afterwards, although the financial tsunami in 2008 had dragged down the overall economic condition in Hong Kong and it was originally estimated that there would be a deficit of

\$7.542 billion, in the end there was a surplus of \$1.449 billion. In his term of some four years, Financial Secretary John TSANG has accrued a fiscal surplus of \$170 billion for Hong Kong. The level of the Government's fiscal reserve has also increased from over \$480 billion in 2007-2008 to some \$660 billion this year. Hence, no matter what, it should be considered as a remarkable report card of the Financial Secretary.

However, while the Treasury has received such desirable revenue, we have noted the big discrepancy between the Government's financial forecast and the actual situation every year. In three of the past four years, the Government had projected a deficit, but in the end there was a surplus. The Budget for 2011-2012 was not a deficit budget, but the amount of surplus turned out to be substantially higher than the estimated amount by some \$60 billion. To sum up, the discrepancy was nearly \$60 billion a year on average for the past four years. Thus many people in society cannot help asking, did the Financial Secretary make a wrong prediction of the overall economic development, or did he deliberately underestimate the revenue in order to maintain a high tax level? In his election platform for running for the post of Chief Executive, Chief Executive Donald TSANG had promised to lower the profits tax rate, but up to today, this promise has never been redeemed in his term. Does this kind of budget, which is way too conservative, reflect that the SAR Government has stayed in the old rut in its financial management strategies, failing to exercise flexibility in adjusting taxes to alleviate the taxpayers' burden and also unable to cut the operating costs for business operations to promote economic development? The Government's Treasury is "flooded with money" every year with its revenue much higher than the necessary level. In fact, it has far exceeded the principle of "managing public finances with prudence and keeping expenditure within the limits of revenues", as stated in the Basic Law. Despite the huge surplus year after year, the Government is only willing to introduce one-off relief measures every year on the ground of unsteadiness of the tax revenue, and refuses to make reasonable financial and tax reforms for various sectors of the community in the long run.

In recent years, the Government has rolled out a number of one-off relief measures to return wealth to the people. Such an approach has become a habitual practice, and the measure of handing out cash has been implemented for years on end. Although the measures this year are unlike the handout of \$6,000 last year, as we can see, measures concerning rates and tariff are also kind of

handing out money. Such measures implemented over the years were actually costly, amounting to as much as \$200 billion. However, the public still found them insufficient, since such measures were unable to benefit all groups in society extensively. Social conflicts have subsequently been triggered, and people's discontent kept lingering in the community.

President, let us look from another angle at the Government's work in developing the economy and safeguarding people's livelihood through its fiscal policy in the past few years.

We would like to highlight that at present, the four major pillar industries are gradually shrinking and waning, but the Government still sticks fast to the principle of "big market, small government". Over the years, the DAB has called on the Government to make better use of its financial management strategies for economic development. So far, the six industries with competitive edge proposed by the Government in 2009 are still at a standstill. The DAB has strongly recommended for years that the Government should be inclined to attract and encourage private investment through tax, rental and premium concessions, so as to develop the relevant industries, explore bigger markets and provide more employment opportunities to various kinds of talents in Hong Kong. Regrettably, the development of the six industries with competitive edge has been unsatisfactory.

On the other hand, we can also see how the Government has tried to adjust the supply of residential units to curb the property price through its handsome reserve and financial strength. The Government's measures in this regard are not sufficient. In fostering steadier and healthier development of the property market, the Government finally admitted in 2010 that there were bubbles in the property market. At that time the Financial Secretary disclosed in the Policy Address that the property price had already exceeded the peak level in 1997. The situation was worrying, but he still obstinately refused to introduce any measures to curb the property price. As early as 2009, the DAB had already advised the Government to pay attention to the trend of the increasing property price. Regrettably, the Government failed to notice the signs of danger in the market in advance and adopt corresponding measures in time. If the Government had started to increase the supply of residential units in 2008-2009, the present property price would not have become so high, and the risk would not have been so big as well. Members of the public would have been able to live in

affordable housing, and there would not have been such big grievances. President, recently, there are signs of the property market heating up again. Even the prices of second-hand properties in Tuen Mun in the New Territories have hit a record high one after another.

Similarly, over the years the SAR Government has not actively utilized the abundant fiscal reserve to address the livelihood issues. Such facts have illustrated that if a government holds a handsome fiscal reserve but does not make proper use of it, it is just like having an empty treasury, requiring the common mass to tighten their belts in poverty day after day. Hence, as time goes by, Chief Executive Donald TSANG's popularity rating keeps declining. The Government's revenue is satisfactory, but conflicts in society such as the wealth gap have gradually deepened. Social grievances keep growing, sparking off a strong anti-rich, anti-business and anti-hegemony sentiment. In a nutshell, the root of the problem is that the Government has not implemented any practicable and effective measures which focus on addressing the wealth gap issues. Neither has it seriously addressed the problems of the middle class being unable to benefit from the economic growth, retirement protection in society, elderly in poverty and the lack of resources for public hospitals.

Actually the expenditure required for such measures is calculable. For instance, the DAB proposed years ago that the Government should allow the elderly living on the Mainland to collect Old Age Allowance. The Government later responded to this proposal and introduced the present Guangdong Scheme. The amount involved is estimated to be only \$370 million. We deeply believe that this type of measure will receive general support in society. Actually the SAR Government could have done a more satisfactory job. The lack of healthcare facilities has been a long-standing problem. Although the Government has put in a lot of resources, the problem has remained unsolved for a long time. For some surgeries, patients have to wait for quite a long period before getting the treatment, thereby arousing numerous grievances from members of the public.

President, last August when Vice-Premier LI Keqiang visited Hong Kong, he announced a total of 36 measures in support of Hong Kong's economy and trade, finance and community. Yet the Financial Secretary merely indicated in the Budget that he would continue to follow up. For instance, one of the 36 initiatives is to achieve basically, through CEPA, liberalization of trade in

services between the Mainland and Hong Kong before the end of the National 12th Five-Year Plan period. Members of the public are keen to know what is actually meant by "achieve basically liberalization of trade in services" and what the future picture will be. They also wish to see the Government enhance its communication with the Mainland government and deal with the substantive issues. The DAB considers that the Government should expound to the public more on the implementation of the relevant measures, especially on how to seize this development opportunity to capitalize on the liberalization of trade in services as well as the Mainland's development target of increasing the capacity of its service industry from 44% to 47% of the size of its economy, and formulate concrete supporting measures to promote Hong Kong's service and trading sectors.

On the Renminbi (RMB) business, it can be said that all along Hong Kong has pursued active development with the support of the Central Authorities. It has been clearly stated in the 12th Five-Year Plan that the Central Authorities support Hong Kong's development into an offshore RMB business centre. Trade settlement in RMB through Hong Kong and the total amount of RMB deposits in Hong Kong have grown substantially over the years.

President, the Government must take a leading role in economic development to give guidance to the market. With regard to the current supporting measures given to Hong Kong by the Central Authorities, the SAR Government itself has done little work, leaving a lot to be picked up by the business sector. Such a situation is absolutely undesirable. The DAB would like to stress that in view of the trend of development of financial reforms in the international market, as well as the looming threat of the European debt crisis, it is believed that "big market, small government", the principle of administration adopted by the Hong Kong SAR Government, can no longer ensure the stability of the financial market in Hong Kong. Nor is it conducive to economic development. At the same time, Hong Kong should also play an active role in the course of economic development of our country by making use of the channels in CEPA and the early and pilot implementation in Guangdong to persuade Mainland provinces and municipalities to open up their markets for services and trades to Hong Kong, thereby providing Hong Kong's professionals and middle-class people with wider and bigger room for development on the Mainland on the one hand, and further expanding the spheres of integration of the

two places on the other hand, thus enhancing the competitiveness of the Hong Kong market.

All in all, although this year's Budget has put forward supporting measures in various aspects for the middle class and small and medium enterprises, there is indeed a lack of innovative ideas in helping the grassroots, and the assistance is not strong enough. The DAB considers that at present, the external economic outlook is still uncertain, while inflation remains high. We hope that later, where necessary, the Government will draw reference from its past practice and roll out relief measures again in the middle of the year. Besides, concerning the medium- and long-term policy matters, we still need to point out that with regard to the healthcare policy, the Government's mere redevelopment and expansion of hospitals is not enough. The authorities should allocate more resources to improve the present unreasonable and inhumane situation of public healthcare service where patients need to wait an excessively long period for treatment, and further expedite the implementation of the medical insurance scheme to enhance health protection for members of the public. Moreover, the Government has announced the launch of a public transport concession scheme for the elderly to travel at a concessionary fare of \$2 a trip, but after its announcement, it has not been implemented promptly. Hence, good policies have been proposed, but it will take a rather long time for its actual implementation. Eventually, such measures will be criticized again for working only halfway.

Therefore, the DAB expects the future SAR Government to discern the persistent problems which Hong Kong has faced, exert itself to the full on its governance and formulate proactive measures to promote industries and improve the wealth gap, thereby creating a sustainable and harmonious society.

President, I so submit.

MR KAM NAI-WAI (in Cantonese): President, today I learn from the Internet the latest survey results published by the Public Opinion Programme of the University of Hong Kong these two days. I am not talking about the opinion survey on the Chief Executive candidates. Instead, it was the survey on the satisfaction rating for the Budget. People's satisfaction had plummeted from 38% when the Budget was first announced on 1 February, to 25% between 7 and 9 March, having fallen more than 10%.

In fact, people's satisfaction with the budget would often be high at the beginning and low in the end. When the budget was announced, it might win the public applause for a while. Yet eventually there will always be something which falls short of people's expectations. Where actually does the problem lie? As the Financial Secretary's term of office will expire in a few months, I wonder if he has summed up his experience in these several years so as to inject some new ideas into the Government of the next term.

We often criticize that ruling Hong Kong with the mindset of civil servants is like having an empty framework, sticking to the old school of thoughts and afraid of innovation. Once there is any innovative idea, it may run into a brick wall. It is the case of last year when the Government suddenly decided to hand out \$6,000 to each member of the public. Although many people felt excited, we queried that the Financial Secretary lacked vision on Hong Kong's future development. After all, was the Hong Kong Government or the Financial Secretary unable to gauge public sentiments or public opinion? Every year the Financial Secretary will make an Announcement of Public Interest to appeal to the public to express their views on the budget. However, did their views just disappear like stones dropped into the sea?

I have pondered on this point. Actually during the preparation of the budget in the past few years, the Democratic Party would arrange to meet with the Financial Secretary to offer our views. However, regarding the Secretary's attitude in the meeting, although I will not quote what he said, I must point out that whenever we touched on policy issues, the Secretary always gave me the feeling that such issues should not be discussed in the budget, and it was necessary to seek the prior consent of the relevant Policy Bureaux before anything relating to policy issues could be implemented. Hence, for the annual budget, even though various political parties and groupings had put forward a large number of views — for example, last year the Democratic Party had made 118 recommendations — most of the Financial Secretary's replies were that they could not be implemented because he had not yet discussed with the relevant Policy Bureaux, so he could not give his consent rashly.

What happened in the end? As some Honourable colleagues have pointed out earlier, actually it is extremely rare for an economy like Hong Kong to be able to record such a huge surplus in the past few years. How should such a surplus be used after all? The answer is that every year we would ponder on how

money should be handed out. Is that not a big pity? If we have to work this way every year during the formulation of the budget, does that mean there is already a structural problem? If such an approach is adopted again, it will only make the public greatly disappointed.

Being part of the Government's administration, should the annual budget put forth certain interim reviews? Only such a mentality will be able to bring out a new direction, right? For example, just now an Honourable colleague mentioned that the general public considered that this year's Budget was more inclined to please the middle class, yet it had neglected the needs of the grassroots. A number of Honourable colleagues have asked how the "N-nothings" should be handled. Recently, Chief Secretary for Administration Stephen LAM has made a proposal that the Community Care Fund can provide certain assistance, which is like a dragonfly skimming the water surface. Can this actually solve the grassroots' problems? As we have often criticized, is the Government's surplus properly used? Are all issues handled with the attitude of a sunset government or a caretaker government? In my view, it is indeed necessary for the Government to conduct a review.

Being the spokesman on environmental affairs for the Democratic Party, I must point out that in respect of this Budget, which is more favourable to the middle class, actually the middle class also cares a lot about environmental issues. Regrettably, regarding how the budget is handled, as we have mentioned to Secretary Edward YAU from time to time, the success of most policies actually depends on the Government's financial commitment. On this year's Budget, as Ms Audrey EU has mentioned earlier, the Financial Secretary has indicated in paragraph 190: "The current-term Government has allocated over \$30 billion for building environment-friendly facilities, funding green projects". Yet I would like to ask, since the Government has already allocated over \$30 billion, why not ask Hong Kong people if there has been any improvement in environmental work in the past few years? I believe many people will give a negative response. How come the allocation of such financial resources is unable to make the people feel that the environment has improved? Money has indeed been spent, but has it been spent properly?

The Democratic Party has proposed certain initiatives in this regard. Yet Secretary Edward YAU is not present today, while the Financial Secretary is here. I hope the Government can think more deeply. If the Government does

not make a bigger financial commitment, and if the Financial Secretary does not instruct the relevant Policy Bureaux to make more commitment, it will only continue to disappoint the public on environmental improvement. Take energy conservation and emission reduction as an example. We have requested the Government to take the initiative to help some buildings conduct carbon audits, or in short, audits on electricity. However, can the Government actually do some work and assist these buildings in energy conservation? According to the Government's present practice, after the person concerned has made the application, the authorities will give assistance. Yet we consider this a rather passive approach. Eventually, in the past few years there were some 700 applications with 5 300 buildings involved and the amount of subsidies was over \$300 million. However, there were only 127 cases where actual assistance was given to these buildings in conducting energy-cum-carbon audits. Did the Government assess whether such work has achieved any results, whether it could genuinely assist these buildings in energy conservation, and how much energy could be saved after all? If the Government considers that such measures are effective, how come it cannot take the initiative to help all buildings conduct audits and offer recommendations to facilitate their adoption of energy conservation measures?

On the other hand, the Democratic Party has also mentioned that regarding the measure of electricity charge subsidy which the Government has implemented in the past few years and which has been commended as innovative, some green groups have pointed out that such a measure would prompt the public to increase electricity consumption, which is, in a way, against the aim of energy conservation. Hence, in the recent two years, the Democratic Party has proposed to the Government that for account holders whose electricity bill in the first half of this year shows a reduction in electricity consumption when compared with the same period in the first half of last year, they should be offered extra subsidies, thereby providing economic incentives to encourage the public to reduce electricity consumption. Yet the Government did not accept the proposal. As a result, the Government's measures for energy conservation and emission reduction are unable to make people feel their effects personally.

Besides, regarding waste disposal which we have discussed recently, as well as the issue of waste charging, the Government has proposed options for waste charging. Yet regrettably, the authorities did not disclose the specific charges. The matter then went back to the original question. What the public

concern is how much money the Government is going to take away from their pocket, and actually how big the Government's commitment is. Hence, concerning the issue of waste charging, the Democratic Party especially proposed the "revenue neutral" principle, which means not involving tax revenue, as the premise for the implementation of waste charging. However, the Government did not include this premise in the Budget. Why did the Financial Secretary not make any promise on this? If the Government promises that the implementation of waste charging will be based on the principle of not involving tax revenue, it offers a clear indication that the purpose in reducing solid waste is not to collect more taxes. Why did the authorities not make any financial commitment in the Budget and clearly state the Government's target? Please bear in mind that such work really requires the Government to make more commitment.

Speaking of solid waste, in the recent election battle for the post of Chief Executive, one of the environmental protection issues under discussion is whether incinerators should be built. As far as we know, recently, the Director of Bureau has been very anxious about whether an incinerator can be built at Shek Kwu Chau and frequently sought the views of the Democratic Party to see if we support it. As the Democratic Party has pointed out, if the Government is to adopt a measure which will lead to pollution problems, it should make some financial commitment, should it not? For example, the authorities can implement measures like waiver of tariff or rates payment for the nearby residents, making use of economic incentives or compensatory measures to entice the residents to accept the installation of such unpopular facilities in their districts. If the Government can implement measures which the local residents find more acceptable, the whole society will then be able to further consider whether incinerators should be built.

Instead of making any commitment in the Budget, the Government just kept asking if Members and political parties supported the construction of incinerators. As such, I cannot but simply point out that if the Government does not formulate any compensatory option, it will be difficult to solicit the local residents' support for such a measure. In that case, how will the Government succeed in implementing any attractive environmental protection policy?

Environmental protection policies often involve financial resources. For this reason, if the Government does not make any financial commitment, it will hardly succeed. One of the examples is another hot topic which we have talked

about many times recently: air pollution. Very often, air pollution originates from emissions from buses or diesel vehicles in the street, but the Government's commitment in this respect is also disappointing. Actually the Legislative Council has previously approved the funding of \$3.2 billion for the implementation of the scheme to replace pre-Euro and Euro I diesel commercial vehicles. I wonder if the Financial Secretary is aware that because of this, we have taken \$3.2 billion from his pocket. However, what is frustrating is that in the end, only about \$1 billion of the funding was used and some \$2 billion was left. In other words, of the original 59 000 pre-Euro and Euro I diesel commercial vehicles which should no longer be going about in the street and which causes serious pollutions, only 16 000 have been replaced. The majority of this type of vehicles, which is over 70%, are still not replaced. Hence, the Government really needs to adopt a new mentality to ensure the implementation of a noticeable environmental protection policy which it will make efforts to achieve.

In conclusion, I hope that the Government will consider this year's Budget from the perspective of making more commitment, whether it be about taking care of the "N-nothings" or environmental protection. The Financial Secretary often claims that there is no room for amendment, but telling from last year's experience, anything may happen. Refusal to hand out money could even turn out to be a pledge to hand out money. I just wish that the Government will pay more heed to Members' views in all aspects and make a more satisfactory arrangement for the Budget.

I so submit.

MR ANDREW LEUNG (in Cantonese): President, this is the last budget of the Financial Secretary in the current-term Government. In view of the fluctuating economy and the European sovereign debt crisis, the Federation of Hong Kong Industries (FHKI) and I supported the Financial Secretary's proposal to introduce measures totalling \$80 million to suitably assist members of the public and enterprises to tide over the new round of economic fluctuation that may arise. We particularly welcome the measures to support small and medium enterprises (SMEs) which offer tax reduction and concessions on government fees and charges. This would lower the operating costs and increase the cash flow of SMEs, thereby boosting their confidence in doing business. Even if there is an

economic downturn, they will not be hardest hit with enhanced financial flexibility.

President, I will now speak on the parts of the Budget which are of concern to the industrial sector. Firstly, it is the enhancements to the SME Financing Guarantee Scheme (Guarantee Scheme). The Economic Synergy is very grateful that the Government has again taken heed of our advice, and proposed in the Budget the provision of a guarantee commitment of \$100 billion under the Guarantee Scheme launched by the Hong Kong Mortgage Corporation Limited. Furthermore, in response to our request, it has proposed to increase the guarantee ratio to 80% and share the guarantee fees payable by SMEs, thereby significantly reducing the relevant fee. These measures are greatly welcomed by SMEs. As the global economy is still volatile, many SMEs have expressed to me their concern that if the Government still sits on its hands, the liquidity crunch problem will likely arise again in case the sovereign debt crisis in Europe worsens. SMEs hope that they can secure loans from lending institutions more easily to tide over the difficult times, thereby enabling the survival of enterprises and securing the jobs for employees. The sector also hopes that the authorities will expeditiously discuss with the participating organizations about streamlining the formalities, such that the vetting and approving procedures of applications from enterprises can be expedited and thus enabling them to receive cash as early as possible.

President, local SMEs (including those from the industrial sector) mainly engage in import and export trade, which accounts for a large share of the Gross Domestic Product. I always say that given the volatile and even shrinking traditional markets in Europe and America, the industrial sector has to open up the Mainland domestic market and overseas emerging markets. Coupled with the fact that trades with new buyers bear high risks, thus assistance from the Hong Kong Export Credit Insurance Corporation (ECIC) is necessary to help manage trade risks. At the end of last year, the Economic Synergy suggested that the Financial Secretary should extend the ECIC's insurance coverage to Mainland or overseas subsidiaries of Hong Kong enterprises, thereby providing insurance for contracts between the subsidiaries and their buyers and offering better credit risk protection to Hong Kong enterprises opening up new markets. The Financial Secretary's proposal to extend the sales-by policy has benefited Hong Kong merchants with foreign-owned factories in the Mainland, in particular when they solicit new buyers in the extensive Mainland market.

To SMEs, it is extremely difficult to open up the extensive domestic market. We are very pleased that the Government has listened to the views of the industrial and commercial sector, and introduced a dedicated fund of \$1 billion. The first part of this \$1 billion fund is dedicated to provide funding support to individual enterprises to assist them in developing brands, restructuring and upgrading their operations and promoting domestic sales in the Mainland. The second part is to provide funding support to non-profit distributing organizations, so that they can undertake large-scale projects which can assist Hong Kong enterprises in general or in specific sectors in developing their brands, upgrading and restructuring their business operations, and promoting domestic sales in the Mainland, thereby enhancing their overall competitiveness in the Mainland market.

The FHKI is very concerned about the first part of the fund because we have been proactively upgrading and restructuring our production lines in recent years, and those more capable enterprises even want to develop and promote their own brand in the Mainland market. I foresee that more and more enterprises will feel interested in the project by then. I hope that the Government will promptly review the progress of the project so that the Hong Kong Productivity Council, being the Implementation Partner of the enterprises, can secure more resources to support more enterprises. When approving applications for upgrading and restructuring of enterprises, we must also give due consideration to factories which stay behind. Take the local pharmaceutical manufacturers as an example. At present, many characteristic and long-established pharmaceutical manufacturers in Hong Kong also wish to upgrade to be qualified for Good Manufacturing Practice, but they are plagued by technical and capital flow problems. Thus, it is hoped that when the authorities and the relevant organizations carry out their review, they will not neglect this group of industrialists who have been doing business in Hong Kong.

As I have stressed time and again in the past, the Mainland is a very extensive market. Enterprises from different parts of the world are eager to promote their own brands in the Mainland so as to capture a certain percentage of market share. It is precisely because everyone is targeting at this piece of "fat meat" with greedy eyes that Hong Kong products and brands have to face competition from global products. In order to compete, we must develop some strategies and figure out our positioning and the spending pattern of our customers. Due to the great differences in the living and spending pattern of the

first-, second-, third- and fourth-line Mainland cities, coupled with the scattered retail network, for instance, SMEs often end up getting half the results with double the effort in tapping the domestic market for their brands. Some enterprises, especially SMEs, are at a loss. Therefore, we eagerly hope that the Government, relevant organizations or trade associations will lead Hong Kong enterprises to organize activities on the Mainland, such as Hong Kong Week, Hong Kong Pavilion, Brand Hong Kong, and so on. Their networks should facilitate Hong Kong enterprises in tapping the domestic market. If Hong Kong enterprises join hands to launch promotion, not only will greater effects be achieved, but will also help foster an impression among Mainland customers, thereby facilitating the image building of our brands.

President, regarding the Budget's proposal to increase the level of cash rebate on the technological research and development (R&D) investment by threefold from 10% to 30%, we believe this can encourage more enterprises to inject more resources into R&D, thereby enabling the technology of Hong Kong industries to go up-market. Yet, the FHKI maintained that the provision of tax concessions, like a threefold increase in tax reduction, is the best option. It is also the most effective way to attract enterprises to inject resources for R&D. This is because under the cash rebate scheme, enterprises are required to co-operate with public R&D institutions and the relevant projects must be approved and funded by the Innovation and Technology Fund. On the contrary, under the proposed threefold increase in tax reduction, enterprises are not only given full autonomy, but also wholly own the intellectual property of their brands.

The Financial Secretary has talked about the supply of land in great length. Out of the 25 paragraphs on this subject, 15 paragraphs are devoted to housing sites and the conversion of industrial land to commercial land. I do agree with these proposals. Fortunately, in paragraphs 140 to 142, the Financial Secretary has also undertaken to provide world-class research infrastructure and earmarked additional land for the relevant industries, which include revitalizing the industrial estates and exploring the feasibility of expanding the Yuen Long Industrial Estate, and exempting the waiver fees for using certain floors of eligible industrial buildings as data centres in 2012-2013. Members of the FHKI has reflected to us that the Government should cater more for the needs of the industrial sector, instead of putting in so much effort to identify land for residential developments.

Although many enterprises wish to relocate their production to Hong Kong in recent years and enter the Mainland market under the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA), the industrial sector held that the availability of industrial lands in Hong Kong fail to serve as an incentive for the relocation. Take the database and car manufacturing industries as an example. As the R&D and production processes of these high value-adding emerging industries require substantial hardware investments, there must be long-term and reasonable land supply before enterprises interested in developing new technology-intensive would be attracted to establish in Hong Kong. The three industrial estates are near capacity. Therefore, the Government needs to enhance the functions of the existing industrial estates and prepare for the construction of the fourth industrial estates to cope with the need for land from those emerging industries.

For manufacturers considering relocation to Hong Kong, as they used to operate in large factories with gigantic production machines in the Mainland, it would be pretty difficult for them to relocate their production processes to multi-storey industrial buildings. Therefore, we hope that the relevant government departments will expeditiously liaise with the industrial estates to identify suitable sites for these manufacturers, so as to enable them to move their production lines back to Hong Kong and provide a base for the development for the industrial sector.

President, when members of the FHKI sat together over the past decade, we often touched on issues such as local talents and the difficulties in recruiting workers, especially technical staff. Given that a large proportion of production activities of Hong Kong industries have moved to the Mainland, there is a shortage of technical staff. This discourages the relocation of Hong Kong manufacturers. We opine that the Government should relax the restrictions imposed on the importation of Mainland technical workers, and approve manufacturers' applications for the importation of technical workers currently lacking in Hong Kong on special cases according to their actual need.

The Government should also introduce measures to enable young people of Hong Kong to know more about local industries, especially the technical aspects, so that they will not have an impression that technical workers are often dirty with oil stains all over their bodies. To induce young people to join the industry, the Government should also tell them that many local industries have actually become new technology-intensive industries. They can also have a bright

future. Apart from attracting quality persons, we should also demonstrate to members and non-members of the trade that the industry is progressing. At present, industries around the world, especially in Asia, are moving towards knowledge-based industries. It is no longer about making plastic flowers, but the production of high value-added and high quality products. Even for the production of moon cakes and soya sauce, stringent quality checks and control have been introduced in the production process and the requirement for technical workers is certainly higher than before. Having noted the importance of vocational education long time ago, Germany in Europe has systematically combined vocational training with schools. All students receiving vocational education are required to pass a practical skill test and a professional knowledge test before they can obtain a certificate and move up the qualification ladder. Even the Mainland has strived to develop its vocational education in recent years by inputting substantial resources in this regard. It is hoped that a knowledge-based economy will help build up a skilled labour force.

Apart from the manufacturing industry, manpower training is also vital to the development of information technology industry. Service industries include professional services such as retail, hotel, tourism, catering, logistics, information technology and communication, and financial services. All these require talents with profound professional knowledge and high level of services. To help Hong Kong advance towards a knowledge-based economy, we should enhance our manpower resources to enhance productivity and competitiveness. The development of the Qualifications Framework in recent years seeks to provide systematic training to foster the new generation with high skills and high qualifications through post-secondary education. We will organize different skill enhancement courses through the post-secondary institutions to help those who have joined the employment market to pursue further education, absorb more state-of-the-art knowledge and understand the new trend of their industries, thereby attaining higher qualification under the Qualifications Framework and provide a driving force to our future economic development.

President, although this is the last budget of the current-term Government, I hope that the injection of resources in innovation and technology and design can successfully bring impetus to the development of emerging industries in Hong Kong, thereby making our economy more diversified and creating more job opportunities for people from all walks of life, and thus making our community more stable and harmonious.

Although the Budget did not talk much about the development of local industries, Hong Kong should develop local industries in which we have a competitive edge. In times when the economy is highly volatile due to external factors, local industries are particularly important to bring in stability. As a matter of fact, there is a robust intellectual property protection regime in Hong Kong, and we have established a good reputation for our product quality and safety in the international market. Therefore, the industrial sector considers that Hong Kong is attractive to manufacturing enterprises that are non-labour intensive, high value-added and high technology-based, with special emphasis on intellectual property protection and the brand of "Made in Hong Kong". If the Government can provide the relevant support, the abovementioned industries are very suitable to be developed in Hong Kong.

President, I so submit.

MR LEE CHEUK-YAN (in Cantonese): President, the Labour Party is gravely disappointed at the Budget delivered by the Financial Secretary this year. The Financial Secretary may say that this is the expected comment from us. Yet, from a positive point of view, our willingness to express our grave disappointment actually indicates that we still have expectation for the Financial Secretary's last budget. This is why we are disappointed. However, our expectations for the Financial Secretary have all ended up in disappointment.

Some people may say that this is the last budget of the Financial Secretary and the SAR Government is about to converge with the next Government, so not much can be done and the Financial Secretary should not be blamed. Financial Secretary, to some degree, we should not blame you as you are about to depart. And yet, even if we should not blame you for not doing many things when you are about to depart, when we review the budgets of last year, the year before last year and the year when you first took office to see if there are any differences, we found that there are no differences at all. This is indeed lamentable. I blame you not because you fail to do anything this year, but because nothing has been done over the past five years. In these five years, you should have the capacity to resolve the many problems relating to people's livelihood, the so-called deep-rooted conflicts and the disparity between the rich and the poor for Hong Kong people. You should have made more efforts to solve these problems and conflicts.

Why do I say that you should have the capacity? As we are aware of the amount of reserve and surplus accumulated over the past few years, I thus conclude that you have the capacity to take actions but you refused to do anything. You have let Hong Kong people down. I can only say that, over the past five years, you are complacent and conservative. You have only taken one step at a time without laying down in the Budget the vision to be realized. You may argue that your vision is to improve people's livelihood, but can this be done? Are there any improvements in Hong Kong people's conditions of living this year when compared with that five years ago? Has the population of poor elderly decreased? Poor elderly who collected cardboard boxes for a living five years ago are still collecting cardboard boxes today. While they lived in partitioned cubicles or caged homes five years ago, they are now living in sub-divided units. What are the differences? The quality of living has not been improved. Five years ago, we had the problem of the working poor. Nowadays, the problem still prevails. Financial Secretary, please think about it. I want you to ask yourself honestly and tell us what you have done to make you think you can face Hong Kong people with no qualms, and that Hong Kong people's quality of living has improved.

Financial Secretary, why have you not taken any bold measures to practicably address the problems? Is it because the Government is so complacent and conservative that it refuses to increase the recurrent expenditure? Financial Secretary, I have shown this chart to you year after year, but you always refute the figures, saying that they are inaccurate. Thus, I can refute them on your behalf later on. What is this chart about? This line represents the operating revenue, which indicates the revenue received between 1997 and 2001. This chart shows the moving average of every five years. Here is the moving average of the years from 1997 to 2001 and that is the latest moving average. While the operating revenue is increasing, the recurrent expenditure is relative to the Gross Domestic Product (GDP). In other words, with continuous economic growth and increasing operating revenue, the percentage of recurrent expenditure in the GDP has nonetheless dropped from its peak. Why did we have such peak of expenditure? Owing to the outbreak of SARS, we had to spend more from the GDP to bring the epidemic under control. And yet, with continuous economic growth in recent years, the operating revenue has increased, and the gap between expenditure and revenue has widened.

Of course, the Financial Secretary may argue that these are only recurrent expenditures. We also have non-recurrent expenditures. This is precisely where the problem lies. Why has our recurrent expenditures failed to increase with the operating revenue, thereby contributing to a widening gap? Why has the Hong Kong Government reduced or maintained its recurrent expenditures rather than spent more with increasing operating revenue? Why did the Secretary refuse to thoroughly resolve Hong Kong's numerous problems by increasing recurrent expenditure?

This year, the Labour Party has put forth the same request raised last year, that is, to increase the recurrent expenditure by \$20 billion. With that amount of money, most of the problems can then be solved. In this year's Budget, the problem of residential care homes is mentioned. Persons with disabilities have to wait six to seven years before being admitted to residential care homes, they are even more miserable than the elders. As we all know, elders may have to wait as long as three to four years before they can be admitted to residential care homes. This phenomenon has raised much criticism. Some said that the number of elderly people who died while waiting for a residential care place is even greater than those who have been admitted. Persons with disabilities are even more miserable, as their waiting time is as long as six to seven years. Some people may criticize that it is always easier said than done. Can residential care homes be built overnight? The story will be totally different if the Government started building such homes five years ago. Why did the Government not do so five years ago? Why did it let the problems prevail year on year?

On the other hand, many family members who take care of persons with disabilities and elderly people at home have always expressed the wish to receive allowances. They may have to quit their jobs to take care of family members with chronic disease at home. Without a job, how are they going to maintain their living? Not only have they lost a means to earn their living, they also feel worn out from taking care of the elderly or persons with disabilities at home. Why can we not provide them with carers allowance as a token of support? Both women organizations and chronic disease patients' associations are very disappointed.

Another issue which can be addressed by increasing public expenditure is elderly in poverty. At present, one major cause of elderly in poverty is that

elders who live with their family members cannot receive CSSA. But can their families provide them with means to lead a dignified life? Given that the family members themselves might have other difficulties, the elderly living with them are thus living in serious poverty.

Many people have suggested that the elderly should be allowed to apply for CSSA on an individual basis. The Financial Secretary, who considered that this measure would cause financial burden, certainly refused its implementation. However, if the Secretary is always so cautious about the financial implications brought about by certain measures Indeed, you should consider these factors, you should also consider if you have the capacity to take actions. If you have such capacity, why not go ahead and take actions? We propose that the Government should set up a universal retirement protection scheme by using public funds, we understand that it cannot be implemented overnight as the preparatory work takes times. We therefore suggest that the Government should first earmark \$50 billion as a seed fund and immediately grant each elderly person \$2,000. Subsequently, it can proceed towards the direction of universal retirement protection. Why can't this be done? Yet, you still turn down our proposal. The truth is that you do not have the intention to genuinely improve people's living.

Another frequently discussed issue is the work incentive transport subsidy. The authorities still refuse to adopt a dual-track approach for accepting application for this transport subsidy on an individual basis. Instead, applications must be made on a household basis. This has deterred many people from applying the transport subsidy. That is why they originally estimated that there would be 200 000 applicants, but it turned out that only 20 000-odd people have applied. And yet, some 200 staff have been recruited for this purpose. I have done some calculations and found that the administrative cost of this scheme is the highest among the world. If the number of applicants remains unchanged, it would mean that the authorities have spent nearly \$100 million for the distribution of \$100 million and the administrative cost alone has accounted for 50%. This is shameful. Why did you refuse to relax the relevant criteria? Why would you rather spend money to recruit excessive staff than help members of the public by relaxing the criteria? Secretary Matthew CHEUNG may say that the criteria have been relaxed with higher asset limits, but this has failed to resolve the problem. In order to thoroughly resolve the problem, the Government must adopt a dual-track approach and accept applications be made

on an individual basis, given that going to work is the behaviour of an individual. After all, the best solution is to provide subsidies on living expenses for low-income earners. We have put forth this proposal to the Financial Secretary before. In other words, while transport subsidy will be open to application by individuals, a negative income tax regime similar to that adopted in overseas countries will also be introduced. Under this regime, people earning an income higher than a certain level will have to pay tax, and those below the prescribed level will receive subsidies. This is the subsidy on living expenses for low-income earners. By adopting a two-pronged approach to encourage individuals to work and relieve their heavy burden on expensive transport expenses on the one hand, and introduce subsidies on living expenses for low-income earners to genuinely help the poor families on the other, we believe the poverty problem can be effectively ameliorated.

In fact, many measures can be implemented to benefit a lot of people, so long as the Financial Secretary is willing to introduce them. At present, healthcare is a major problem. The waiting time for healthcare services has become longer and there is a serious wastage of medical practitioners in public hospitals. The wastage of senior medical practitioners may deal a serious blow to the entire healthcare system. What causes the wastage? This is certainly attributable to The obstetric department is the best example. Since private hospitals have earned a big fortune from the "doubly non-permanent resident pregnant women", they have a strong demand for medical practitioners and have to turn to medical practitioners working in public hospitals. We have all along opposed private hospitals making huge profits from those "doubly non-permanent resident pregnant women". It is inappropriate for private hospitals to reap huge profits through selling the right of abode in Hong Kong. Of course, Directors of Bureaux and Secretaries of Departments may argue that they do not intend to make private hospitals rich; that is how the existing system of Hong Kong works. We hope that the Secretary for Security can effectively intercept those "doubly non-permanent resident pregnant women". I maintain that the most effective administrative measure is to disallow their bookings in private hospitals and intercept them directly at the border control points.

President, I have to raise further criticism against the unfair wealth distribution this year. In the Budget, the Financial Secretary proposed to reduce the tax for the middle class, subject to a ceiling of \$12,000, whereas for the "N-nothings", they will not receive any assistance. Therefore, we have all along

suggested the provision of a living subsidy for people who live in private buildings but do not receive CSSA. The amount roughly equals to two months' rent. This can at least relieve their pressure on living.

Some Members suggested that the Government should again hand out money, thinking that this is fair to all. Nonetheless, the Labour Party opposes handing out money as this is not the best way to help those who are most in need of help. We support handing out money by way of policies. If there is a genuine need to provide financial assistance by handing out money, this should be a long-standing practice instead of a one-go measure. Just now, I said that money should be handed out to elderly people and poor families but not to all people in one-go.

Last of all, I will talk about revenue. This year, we proposed to levy a tax on dividends, but the Financial Secretary has yet to give us any response. Why has Hong Kong not levied a tax on dividends? According to our findings, the family of LI Ka-shing alone got a dividend of \$7.6 billion. Thus, if a tax on dividends is imposed, the Government will receive a tax revenue of as high as \$1.2 billion. Yet, it refused to consider this option. Has the Government not considered levying a tax on dividends simply because it has tilted towards the big syndicates? Why does the Government not consider increasing revenue and turn these measures into poverty alleviation measures, with a view to improving people's living?

On the other hand, we also advocate the introduction of a progressive profits tax, which is favourable to small and medium enterprises (SMEs). According to our proposal, the tax rate of SMEs should only be 10% so that they can have higher liquidity for reinvestment in Hong Kong. For the big syndicates, as they have nearly sucked up the entire economy with high rental, they should pay more tax. President, I hope that the Government can respond to the proposed progressive profits tax.

Thank you, President.

DR LAM TAI-FAI (in Cantonese): President, after the delivery of last year's Budget, there was strong criticisms and opposition from the community. Apparently, criticisms of this year's Budget have significantly reduced. I believe this is because Financial Secretary John TSANG has learnt a lesson, and has

made comprehensive consideration in formulating this year's Budget. Measures proposed this year are indeed more practicable and there are fewer controversial issues.

I am very pleased that the Government has adopted some of my proposals, which include enhancing the Small and Medium Enterprises (SMEs) Financing Guarantee Scheme, increasing the Research and Development (R&D) cash rebate and waiving the business registration fee. In respect of people's livelihood, I have proposed to introduce a tax rebate, raise personal allowances, waive the rates, offer a tariff subsidy, reissue the iBond and extend the home loan interest deduction period. I hope that the Government can expeditiously implement these measures so that members of the public and SMEs can genuinely benefit as early as possible.

For other aspects, I think there is still plenty of room for improvement. Therefore, I would like to share my views with Members.

Economic development is the name of the game because a poor economy will certainly have fewer investments and government revenue will drop. As a result, there will be fewer job opportunities in the community and the rate of unemployment will naturally climb, which will certainly deal a blow to democracy. The point is: what makes good economic development?

Although the Budget proposes economic development by capitalizing on our competitive edge and promoting the development of industries, it has not specifically set out the new measures.

Over the years, the Government has tilted towards the development of the financial and real estate sectors while support for the real economy has been lacking. As known to all, the Government has shown little concern to the development of the industrial sector. As an established practice, all previous budgets were silent on industrial development. Most regrettably, the emerging industries which the Government has previously claimed to develop in high profile have also ended up with just thunder but little rain. Some of them have a fine start but a poor finish, and have even disappeared into obscurity. This has resulted in a serious mismatch in our economic structure, which has not only made us susceptible to external financial or economic shocks, but has also given rise to various social problems.

In the absence of a wide range of job types and sufficient job opportunities, many people who are not well suited for or not interested in the financial or real estate sector (especially young people) will be deprived of an opportunity to develop. Therefore, even though the overall unemployment rate has dropped to 3.4%, the unemployment rate of young people aged between 15 and 24 still stands high at 8.1%. The middle class, on the other hand, is also exposed to the risk of a downward movement due to a lack of development opportunities.

To resolve these deep-rooted economic and social problems, the Government must adopt a new mindset, and above all, fine-tune its role. The Government must completely cast away the policy principles which it regards as golden rule, such as "big market, small government" and positive non-intervention, and take a more proactive and leading role to promote diversified economic development by using the real economy and SMEs as the axes. Only by so doing can we turn the situation around and make our economy more diversified.

For instance, in respect of industrial development, given the high land price and labour cost at present, it is not appropriate to develop traditional industries that are labour-intensive in nature and require large pieces of land. And yet, it does not mean that Hong Kong industries cannot take the route of "three highs", that is, high value-added, high technology and high quality, as in the case of other developed countries, such as Germany or Switzerland. If the Government takes heed of my advice and amends the outdated provisions in the Revenue Ordinance (such as section 39E) to the effect that contract processing and import processing will adopt the practice of 50/50 split in the assessment of tax, thereby resolving the problem of differential tax system, it can definitely encourage the sector to invest more proactively to improve its machinery and develop along the route of "three highs", thereby upgrading and restructuring, and tapping the Mainland domestic market.

Although the Budget proposes to take advantage of the opening up of the Mainland economy, it has failed to put forward any concrete solutions to address the problem and situation of "big doors lay open while small doors remain shut" under the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA). Though I have recently put a relevant question to the authorities, the public officer concerned is bureaucratic in saying that if the sector has encountered difficulties in using CEPA benefits, they can contact the Trade and

Industry Department, offices of the HKSAR Government in the Mainland, or the relevant Policy Bureaux and departments. Financial Secretary, I think the Administration should proactively step up communications with the regional authorities and regulatory authorities of the relevant professions on the Mainland, so as to further lower the threshold to enter the Mainland market and strengthen the mutual recognition of professional qualifications between the two places, with a view to expeditiously achieving the goal of having both the big and small doors opened under CEPA.

In the midst of a volatile external economic market and the proliferation of the European debt crisis, our economy is full of uncertainties. When the Government implements the various measures proposed in the Budget, it should closely monitor the changes of the international market and remain vigilant. It should introduce various policies with a new mindset after correctly appraising the situation, with a view to building a "seawall" for SMEs to guard against sudden shocks. Above all, the authorities must aptly launch relief measures to minimize the knock-on effects arising from a possible economic downturn, which may cause serious harm to our economy and people's livelihood.

This year's Budget only proposes to reduce profits tax, subject to a ceiling of \$12,000, which has indeed offered insignificant help. I think the Government should, for the sake of long-term development, switch its focus and set up a body like the Development Committee for Small and Medium Enterprises, and jointly formulate concrete policies inductive to the development of SMEs, including the implementation of measures and provision of tax concessions to help SMEs upgrade and restructure, as well as train up talents, develop emerging industries and tap the extensive Mainland market.

President, the Government must be ready to share the fruits of prosperity with the public, and ensure that all resources are properly allocated to assist the needy middle and lower classes as well as the disadvantaged groups in a fair and reasonable manner. Take the new \$2 public transport concession as an example. Although I have said time and again that it is a good deed, it benefits only CSSA recipients with 100% disability and recipients of Disability Allowance. Worse still, it does not have a comprehensive coverage. Minibuses and trams which people commonly ride on are not covered. I think this is not caring enough and the Government should therefore relax the relevant criteria, so that more persons with disabilities and elderly people can benefit.

In the absence of natural resources, talents have become Hong Kong's most valuable assets. Investing in education and upgrading the quality of human capital will help promote sustainable social and economic development, thereby narrowing the disparity between the rich and the poor and resolving the problem of inter-generational poverty.

Although this year's Budget has earmarked a total education expenditure of some \$79 billion, which accounts for more than 4% of Gross Domestic Product (GDP) and is higher than last year's 3.7%, the Government has still failed to respond to the three major consensus forged by the community on education. What are these three major consensus? First, it is the lack of university places. I hope that the Government would expeditiously increase university places to avoid eligible students not being enrolled in universities. It should significantly increase the percentage of young people attending universities at the appropriate age from the current 18% to 25%. Only by so doing can we avoid wasting the society's valuable talents.

Second, it is the implementation of small class teaching in secondary schools, which is the dream of the education sector. The Government is gradually implementing small class teaching and the additional cost is only \$2.1 billion per year. It is expected that the additional cost of implementing small class teaching in secondary schools would not be astronomical. The Government can absolutely afford doing so with such an abundant reserve. Therefore, I hope that the Government will consider implementing small class teaching in secondary schools by phases, and expeditiously implementing 15-year free education as well.

In order to develop education as an industry, we must provide sufficient school places for children of the professionals who are interested to come to work or invest in Hong Kong. In view of the lack of supply of international school places in Hong Kong, many professionals have reservations about settling in Hong Kong. The Government must assist international schools to undertake expansion projects by all means, with a view to providing more school places and boarding facilities to meet market demand.

All in all, the Government should invest more heavily on education, take drastic measures and be determined to effectively nurture people at the lower and

middle levels, thereby enhancing their opportunities to move upward given that "knowledge can change one's fate".

Our society can only attain harmony if everyone works and lives happily. As at the third quarter of 2011, the mortgage-to-income ratio still stood at 45%. This indicates that people have spent most of their income on mortgage payment and become "property slaves". How can they live happily?

I strongly support the Government's proposal to extend the entitlement period for deduction for home loan interest to 15 years, thereby relieving the burden of housing expenses on the middle class. However, noting that the repayment period of mortgage loans extended to middle-class families by banks are usually as long as 20 years, I think that the Government should consider extending the entitlement period to 20 years in order to achieve better effect.

Furthermore, the introduction of the new Home Ownership Scheme alone cannot meet the housing needs of the grassroots. The Government should practicably meet the objective of three-year waiting time for public rental housing (PRH) allocation. It can actually consider building tens of thousands of subsidized flats, and actively expand the supply the land to shorten the waiting time for PRH allocation to two years.

The ageing population has posed a heavy burden on our workforce and brought serious financial implications. Worse still, it may also bring major challenges to our society in the future. Therefore, the Government must plan for the rainy days.

The monthly "fruit grant" of a mere \$1,090 given to the elderly is downright insufficient to meet basic living expenses, and adding that people have longer lifespan nowadays, many people worried that the investment returns of their MPF contributions may not sustain their retirement life. Therefore, the Government should expeditiously undertake a study on the universal retirement protection scheme, and at the same time consider granting a monthly retirement subsidy for the eligible retired elderly to meet their living needs.

As many elderly people may wish to spend their old age in their hometowns, the Government should share their urgent concern by expeditiously

launching the Guangdong Scheme, while undertaking the feasibility study to expand the scheme to other provinces (such as Fujian), with a view to bringing benefits to more elderly.

Regardless of how smart the previous Financial Secretaries were, it is impossible to formulate a budget which gets full support from all Members. There are always different aspirations from people of different strata which the Government has to deal with. It is of paramount importance that the Government is willing to listen to people's views and carefully prioritize their aspirations, and then boldly formulate with foresight feasible and effective policies, so as to ensure that people from all walks of life can share the economic fruits.

With these remarks, President, I support this year's Budget.

MR CHEUNG KWOK-CHE (in Cantonese): President, on 1 February, the Financial Secretary made a flowing Budget speech, lasting nearly two and a half hours. To me, the Budget is merely a routine practice of giveaway, dishing out goodies here and there, or making minor patch ups; some of the goodies have even missed the focus, indicating that the Government has not made any improvements. It has been said that the current-term SAR Government is only a caretaker government, so do not have any fantasy about it. Worse still, having read the measures proposed in the Budget, I even think that the Government has shrunk from its responsibilities like a turtle. I wish to tell the Government, as an accountable governing team, its "inaction" is indeed a sin.

President, to begin with, the Government's cruelty towards the grassroots is well evident in its complete disregard of the plight of the "N-nothings". In fact, there is a growing consensus in society that these people are being neglected. These people, who are not in a small number, have been overburdened unfairly and suffered the most under the imperfect social system. President, I really do not have the mood to repeat time and again the problems of the "N-nothings" because the Government is not unaware of their problems, just that it has turned purposely turned a blind eye to their problems. Last year, we made a number of visits and meetings with the "N-nothings". They were so disappointed about this Budget that they indicated they had nothing to say about it. Today, I hope Members can bear with me for a few minutes because they have rewritten the

lyric of a song which I promised them that I will sing it loud. The song, which spells out their heart as well as mine and many social workers', is titled "The N-nothings' Tiny Cubicles":

"The N-nothings' Tiny Cubicles (Melody: *Zhufu Ni* (Blessings to You))

My cubicle tiny but rent is high; always fear for being evicted
Mr TSANG, with billions of tax revenue, no help being given

Textbook fees and transport fees, all costing dear
No money left for electricity, spend the New Year in tears

Endless waiting for public housing flat
Residential places given after I am dead;

Relief measures I have no share;
Why does Mr TSANG never care?

Hospital fees and food prices rising high
When can I live with peace of mind?

Seven year of TSANG's rule, the poor is in greater sorrow;
Tycoons you only care, never concern N-nothings' tomorrow

I thank Members for bearing with me. I hope that the song has not gone in one ear and out the other of the Secretary and the public officers.

President, before finalizing the Budget, the Financial Secretary has, as a standard practice, invited the public to give their views. Although the Government only intended to conduct the consultation as a standard practice, the public were much more serious than the Government, seizing every opportunity to influence the Government, however remote it might be. The Hong Kong Social Workers' General Union had extensively collected the views of their service users and fellow social workers and consolidated their views into a representation to the Government. As Members may be aware, inflation in Hong Kong soared in the past year; and more importantly, it has far exceeded economic growth, meaning that the salary of wage earners has actually been reduced. The Treasury, on the contrary, has made a fortune and it still managed

to record high surplus of nearly \$40 billion. With its huge reserve and years of surplus in record, the Government should indeed return wealth to the people and address their agony.

Moreover, the Government should also properly plan for the future and prepare for the rainy days. We have submitted proposals on job creation. For instance, the Government can allocate \$10 billion to create 50 000 jobs with a monthly salary of \$8,000 for a period of two years. These employment opportunities should principally be created for young people aged below 20 and middle-aged people aged above 45. Besides, the existing 3 000 posts of Programme Worker should be regularized, and a long-term policy should be formulated to alleviate the problem of high unemployment rate of young people. On the front of improving people's livelihood, in view of the soaring inflation, particularly the high food prices, the Government should consider providing additional subsidies for the grassroots to address their short-term basic needs as well as relaxing the application period and criteria of food banks. The Budget has not touched on any of these subjects at all.

In the long run, concerning a universal retirement protection scheme, we propose that the Government should set aside some money in times of surplus to set up a fund, so as to pave the way for a universal retirement protection scheme. The Financial Secretary has also brushed aside the proposal. The social welfare sector has urged for a long-term planning for social welfare. The Chief Executive has not responded to their call in the Policy Address and the Financial Secretary naturally would not say a word about it.

However, I need to point out again that a problem has arisen in the social welfare sector that "money has not been spent on the right areas and for the right persons". This phenomenon is due to a lack of long-term planning on social welfare development. The Budget has, as in the past, made patch ups here and there, but it has totally failed to address the real problems. I have submitted a representation to the Financial Secretary, which contained proposals for developing and improving 29 major services. The proposals all focus on critical problems now facing the social welfare sector in Hong Kong. However, the Financial Secretary has only offered "a small glass of water" to put out the fire in services for the disabled and the elderly, which are popular services to the public, but he has not put out "the fire" which has spread all over the sector. Honestly, the social welfare sector is very disappointed and dissatisfied with the Budget.

Co-workers in the social welfare sector come in touch with grass-roots people every day. After the delivery of the Budget, I held a seminar for social workers. They all commented that the Budget was merely a farewell speech of the Financial Secretary without offering any new initiatives. There was nothing substantial in it. The Financial Secretary said that Hong Kong had \$600-odd billion in reserve, but we actually should have \$2,000-odd billion because the money has been put under different accounts. In other countries, the reserve is used to address urgent problems.

Members may remember that during 2003 to 2006, a time when our economy was at its trough, the Government had spent some \$100 billion. Even though the Government only has \$60-odd billion now, it still has a lot of money. Why can the Government not vigorously push ahead a social protection scheme? With the looming of an ageing society, what is the Government waiting for? Besides, the Financial Secretary has sounded the alarm for an economic downturn in the coming year. While he has a sense of crisis, he has not provided any measures to lead people through the crisis. It is good that the Government has proposed a reduction in salaries tax, but why is it necessary to reduce the profits tax as well? How can it relieve people's hardship by raising the ceiling for waiving rates to \$2,500? Luxury apartments fall under the rates level of \$2,500. It is evident that the Budget is formulated in a chaotic manner.

What about social welfare services? The Financial Secretary pointed out, in a self-flattering tone, that welfare expenditures for the coming year will be record high. In fact, he is actually trying to hide the facts. It is because, by making a "double-pay" for CSSA recipients, the expenditure in this regard will immediately surge 10%, thus pushing up the total welfare expenditures and creating a façade of "high expenditure" on social welfare. All we need to do is to separate the cash expenditure from the non-cash expenditure and we will be able to see the real picture. Moreover, the Financial Secretary announced that \$900 million would be earmarked for improving the physical setting of 250 district elderly community centres and neighbourhood elderly centres. However, the \$900 million will not be coming from the "purse" of the Treasury, but from the Lotteries Fund.

Besides, the Labour and Welfare Bureau has obviously not done its work well in submitting proposals to the Financial Secretary and canvassing the support of the Treasury. Why do I say so? Let us first look at rehabilitation services. The ageing of people with intellectual disability (PIDs) and PIDs with

autism have become pressing problems. Among numerous rehabilitation services, professional support rendered to auxiliary medical services is seriously inadequate, but the Government has not formulated any measures to address this problem. Besides, operators of Integrated Community Centres for Mental Wellness have failed to identify sites to set up their service, and they do not have enough resources to rent units in private building; and community services for discharged patients with severe mental illness have also encountered different obstacles. Moreover, in order to comply with the newly enacted Residential Care Homes (Persons with Disabilities) Ordinance, residential care homes for persons with disabilities (RCHDs), particularly private homes, have to improve their facilities and physical setting. The difficulties which these homes have encountered may have surpassed what the Government can imagine. The Government has introduced certain complementary measures in the Budget, such as earmarking \$70 million for the implementation of a pilot Bought Place Scheme for private RCHDs and \$39 million for the Financial Assistance Scheme. The aim is to encourage private RCHDs to upgrade their service standard and provide subsidies for them to conduct improvement works. In fact, many such homes are located in village houses and it is very difficult for the operators to carry out improvement works. Moreover, similar to private residential care homes for the elderly, the funding which the Government allocates for buying places in private RCHDs is insufficient. These homes still operate under very difficult conditions and it is hard for them to upgrade their service standards. In fact, can the Lotteries Fund, which is now swamped with money, provide a little more funding to these initiatives?

In respect of youth services, since the launch of the Youth Pre-employment Training Programme in 2002, the subsidy of \$2,000 disbursed to each employer has not been adjusted in the past 10 years. In fact, the Government can consider increasing the subsidy to \$3,000. Moreover, the Government can set aside some resources for the business sector to employ trainees under the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme. As for the scheme on Programme Workers, it will be temporarily extended to March next year. We hold that Programme Workers now employed under the scheme should be regularized and the original scheme be incorporated into schemes on youth development and employment with social workers' supervision, so as to better meet the needs of young people in Hong Kong.

President, I particularly wish to point out that the Government has been shirking its responsibilities, which is also the major reason why people cannot safeguard their livelihood. This is evident from the privatization of higher education, the growing number of self-financing programmes and the prevailing trend of privatization of public services in Hong Kong, such as the Cross-harbour Tunnel, The Link REIT and the two power companies. The Budget, which has failed to properly safeguard people's livelihood, is the evil's accomplice. Social welfare services, which have lagged far behind in meeting the demand in society, will inevitably aggravate social problems, and the grassroots will predictably become the first to bear the brunt. If the Government does not face the problem squarely, tragedies will continue to happen in society.

President, I reiterate that implementing a universal retirement protection scheme and setting up a mechanism for long-term social welfare planning are the solutions to safeguarding people's livelihood. If the Government dodges from addressing the genuine needs of the people of Hong Kong and does not face the difficulties squarely, I, on behalf of the social welfare sector, will have to tell the Government once again that we do not accept the Budget.

President, I so submit.

MR IP WAI-MING (in Cantonese): President, after the Financial Secretary delivered his 2.5 hour-long Budget speech on 1 February, a series of events about the Chief Executive Election have stolen the limelight in society. I find that this Budget had rarely been talked about in the past few months. It may even be the least discussed Budget since I became a Member of the Legislative Council or in the past few years. I can almost say that the Budget has basically been forgotten. Apart from the fact that a series of events about the Chief Executive Election have drawn our attention, the lukewarm public reaction to the Budget also reflected that the Budget is nothing but a "chicken rib", a word which I always use to describe the budgets, because society or the public find that it "has little to be tasted but bad to be wasted". Hence, they may not even have the interest or passion to discuss it. Nevertheless, President, I still hope that Given that some policies proposed in the Budget may not be able to meet or satisfy public needs, I wish to share my views in several regards.

Concerning welfare, I wish to talk about subsidies for carers of the elderly. The ageing population is mentioned in paragraph 178 of the Budget. The problem has almost become a platitude. We all know that the elderly population in Hong Kong is growing. According to information from the Census and Statistics Department, the population aged 65 or above will increase from 13% of the total population in 2013 to 27% in 2033. In other words, there will be one elderly person aged 65 or above in every four persons. In fact, the number of carers will also increase correspondingly with the elderly population.

It is quite a challenge to family members to take care of an elderly member; it is also very demanding because the carers may need to take full-time care of the elderly family member, which is physically and mentally exhausting. The younger members of the family may often need to quit their job in order to take long-term care of the elderly family member, and they may not even have time to take up part-time jobs. We often say that if one stops working, he will have no income. Actually, this may really happen to many wageearners who need to take care of their elderly family members. We very much hope that the Government can relieve the financial burden of these families. Thus, we have all along urged the Government to provide subsidies for carers. We find that these families, particularly the carers, generally have three needs: first, knowledge about elderly care; second, emotional support; and third, financial support. Hence, once carers stop working, they will have no money to support their family, and many such families will run into financial difficulties. We will once again urge the Government to grant subsidies to carers, so as to help these families render better care to their elderly family members.

Concerning residential care homes for the elderly, it is also a subject which we often discuss. Secretary Matthew CHEUNG often pledges at meetings of the Panel on Welfare Services as well as at Special Meetings of the Finance Committee of this Council that he will spare no efforts in providing more residential care places. In the Budget this year, it has been mentioned in paragraph 179 that in the coming five years, 2 600 additional subsidized residential care places will come on stream. However, these additional places are still utterly inadequate to meet the demand. In my question on the Estimates of Expenditure of the Budget, I have specifically asked the Government on the provision of residential care places. The authorities replied that as at the end of December 2011, there were 21 283 applicants and 6 575 applicants on the waiting list for subsidized care-and-attention home places and nursing home places.

Hence, even if the Government can immediately provide the 2 600 places, the new places still cannot meet the demand, not to mention that these places will only be available five years later. Hence, we hold that the Government must make early planning and substantially increase the resources, so as to address the present problem of serious shortage of places. The situation that the elderly die in the course of waiting without being given a place should not be tolerated.

Concerning the Guangdong Scheme, which is a new proposal raised in the Policy Address this year, very little is devoted on its implementation details in the Budget. The Scheme will only be followed up at a meeting of the Legislative Council Panel on Welfare Services to be held this month. However, in our opinion, the Guangdong Scheme, which allows Hong Kong elderly people residing in Guangdong to receive Old Age Allowance, is inadequate. According to the 2008 Thematic Household Survey conducted by the Government, among the elderly people who intended to move to the Mainland for residence in the coming 10 years, 24% of them chose a place not in Guangdong Province. Hence, we hold that in the long run, the Government should expand the Guangdong Scheme to cover regions outside Guangdong, so as to benefit more elderly people. At the same time, we hope that while assistance and allowance should be made under the Guangdong Scheme to enable elderly people to freely choose their place of residence after retirement, measures should be formulated to ensure that elderly people who have a genuine need to relocate back to Hong Kong can be properly taken care of.

On the front of labour employment, the Budget's estimates of expenditure on labour employment has undeniably been increased. However, with much regret, the money will mostly be used on funding existing schemes, and little will be used on measures to create and preserve employment. Basically, we think that the Budget has done nothing on labour policies. For instance, regarding the Work Incentive Transport Subsidy Scheme, which is a matter of concern to the grassroots, the Budget does not contain any enhancement measures on the scheme, nor any measures to respond to social aspiration of adopting a "dual-track approach", and many grass-roots people who need to work across districts simply cannot benefit from the scheme. Despite the fact that Secretary Matthew CHEUNG announced earlier that the asset and income limits of the subsidy applicants would be relaxed, which seems to make more people eligible for the subsidy, he refused to adopt a "dual-track approach". We are disappointed. In our view, many people who should be entitled to the subsidy are excluded if the Government refused to adopt a "dual-track approach".

A major fallacy of the existing labour policy is that it is detached from the real needs of workers and fails to formulate measures tailoring to their needs. As a result, workers often find such measures impractical. Taking the Work Incentive Transport Subsidy Scheme mentioned above as an example, the original intention of the scheme is to encourage sustained employment. However, the authorities have used household instead of individual as the basis of the income and asset assessment. This has actually laid down more limitations on the applicants, which I have already explained in detail just now. Thus, as of 13 February this year, the Labour Department has only approved a total subsidy of \$59.5 million for 17 611 applicants. However, can this number of applicants truly represent the number of low-income earners who need a subsidy? Another example is the Employment Navigator Programme which was launched one-and-a-half years ago. Only 2 901 out of the 4 991 participants have secured a job so far, and only 513 of them have applied for cash incentives. The programme has simply failed to achieve the expected objective. Hence, no matter how good a policy is, if it lacks versatility and flexibility, it may still be unsuccessful.

Moreover, despite the authorities' forecast that the unemployment rate will further go up, no corresponding measures have been devised. For instance, the authorities have done nothing to find a way out for job-seekers of the 15 to 19 age group which has the highest unemployment rate, nor have they created more demand-correlated job opportunities at different industries to absorb these grass-roots workers.

Concerning youth employment, I have repeatedly voiced out my concern at the Legislative Council. The unemployment rate of the 15 to 19 age group has remained high irrespective of the state of the economy. It stood at 12% from December 2011 to February 2012. The Government always emphasizes that it attaches great importance to the problem of youth unemployment and has launched measures from time to time to help young people with employment. However, the truth has laid bare the fact that launching schemes such as the Youth Pre-employment Training Programme or the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme, or setting up youth employment centres alone is not the right remedy for the problem.

Many young people have low education level and low skills. They often have low bargaining power and their chance to secure a full-time job is slim. Even if they can secure a job, it does not mean that all their problems can be solved. Nowadays, there are hardly any job opportunities with a prospect for young people. No matter how hard they work, they still remain at the original position and are unable to climb up the social ladder or further their career. Hence, I have all along urged the Government to strengthen training and launch or improve the existing measures on apprenticeship schemes and expand the scope of the industries covered under such schemes, so as to address their employment difficulties and the problem of mismatching jobs with job-seekers. Regrettably, the Government has not earmarked any allocation in this Budget to actively take forward apprenticeship schemes or trainee programmes. I am very disappointed about the Budget in this regard.

Regarding the earmarking of \$1 billion to implement a new programme which models on Project Yi Jin, I hope the authorities can provide more details as soon as possible for public discussion, including how the new programme will assist young people in employment, how it will tie in with the development of the existing priority industries and how it will tie in with the existing school curriculum. We also hope that with the help of the programme, young people will have a better employment prospect, instead of not knowing what job they should look for, like the young people of today.

Regarding job creation, the Government has promoted since 2009 the development of the six priority industries, but it has formulated very few support measures in this regard, particularly in respect of the environmental and recycling industries. All that the Government has proposed is aftermath policies to improve building energy efficiency and to establish a Pilot Green Transport Fund, but not a word is mentioned about assisting the environmental and recycling industries.

The Budget has earmarked \$30 billion on a number of measures to assist the development of the environmental industries, including the Pilot Green Transport Fund, the Sludge Treatment Facilities under construction, the Integrated Waste Management Facilities and Organic Waste Treatment Facilities as well as the land earmarked in EcoPark for the construction of facilities. However, in the past few years, the Government has also proposed similar measures, but are such measures effective? According to information from the

Census and Statistics Department, the six priority industries only accounted for 8.4% of our GDP in 2010; and the environmental industries only accounted for 0.3% of our GDP in the years from 2008 to 2010. In those three years, the industries did not record any growth in GDP, indicating that their prospect is not optimistic.

According to information from environmental groups, municipal solid waste generated in 2010, as compared with 10 years ago, increased from 5.33 million tonnes to 6.93 million tonnes, which is nearly a 30% increase. If the measures launched by the authorities have tied in with the development of the industries, would their growth be as little as that? It has been reported earlier that a government-funded and non-profit-making Plastic Resources Recycling Centre in the Tuen Mun EcoPark, which has operated for about two years, can only recover 5 tonnes of waste plastics every day, which is less than the recovery rate of 20 tonnes as the Centre originally anticipated, and has recorded a loss of nearly \$5 million. I believe one of the reasons is that the Centre has to source waste plastics on its own, and the distant location of the EcoPark has incurred higher transport cost, hence pushing up the operation cost. I thus hope that the Government can formulate effective measures to enhance the environmental industries and facilitate their development, and provide more assistance in respect of facilities and transportation. In particular, funding can be allocated to assist social enterprises in developing environmental and recycling industries, so as to create more jobs for people with a low-education level.

President, I so submit.

MR FRED LI (in Cantonese): President, it is regrettable that the Secretaries who are in charge of the subject matters that I am going to talk about are not present in this Chamber now. Secretary Dr York CHOW and Secretary Gregory SO should attend the meeting and listen to our views. I only hope that they will later refer to the Hansard for my speech. President, my speech will focus on two subjects, the first of which is the expenditure which the Government has earmarked for the work on animal rights and the other is about consumers. Before I start, I wish to declare that I am a member of the Consumer Council.

Regarding animal rights, I have carefully studied the expenditures estimated for the Food and Health Bureau and other related departments in the

2012-2013 Budget, including the Agriculture, Fisheries and Conservation Department (AFCD), the Food and Environmental Hygiene Department (FEHD), and so on. As far as this year is concerned, my rough guess is that the subject which will engage Members' greatest attention under the purview of the Bureau is not street hygiene or food health, but animal rights.

In recent years, animal rights have become a matter of concern to the public and the AFCD has done solid work in this regard. Perhaps some people may find the progress too slow or there are still rooms for improvement, but the AFCD has made a forward stride in the work of animal rights, which worthy of our support.

The AFCD, animal rights groups, the Democratic Party and I held a meeting this year to discuss issues concerning animals. The issue of putting hobby breeders under regulation was raised in the meeting. The AFCD representative made it clear that the Department intended to plug the present legal loophole which exempts people who appear to be amateur breeders from monitoring. In future, all people who engage in the sale of dogs will then be required to obtain a permit. As far as I know, if a transaction involves the sale of less than four female dogs, it will fall under the category of individual licence, a category which is absent now and will probably be put in place; and if the transaction involves the sale of five or more female dogs, it falls under the commercial licence category. Moreover, be it individual or commercial, the seller is required to obtain a permit and be monitored by the Government.

We support the AFCD's proposal if it can secure public support for launching the proposal. It is because the proposal can largely eliminate the chance of animal abandonment at source. Although this is only the starting point for safeguarding animal rights, it is a major breakthrough on animal policy and will effectively suppress the present trend of selling animals on the Internet. In my opinion, the Government should consult various stakeholders and submit an amendment ordinance at the next Legislative Council Session as soon as feasible for scrutiny by the new Members.

However, another effective measure to reduce animal abandonment, the Trap-Neuter-Return (TNR) programme, has met with numerous obstacles. In the past few years, the programme has been kept at the level of the District Council. The programme is discussed afresh when the District Council begins a

new term, which is a waste of time because the programme is either opposed by members of the pro-establishment camp or rural affair camp. Hence, I very much hope that Mr CHAN Hak-kan of the pro-establishment camp and Mr LAU Wong-fat of Heung Yee Kuk can lend a helping hand. It is because with much regret, some Sai Kung and Yuen Long District Council members of the Democratic Alliance for the Betterment and Progress of Hong Kong and the rural affair camp and members of Rural Committees vigorously prevented the AFCD from launching a pilot TNR programme in the two districts recently. The programme has the support of the Democratic Party and the District Council and we will put our words into action. Mr CHAN Hak-kan is very concerned about animal rights and I do not understand why the District Council members who are his party members would work against him and oppose the programme.

Stray animals are different from landfills, incinerators or columbarium niches. I do not think that these animals should be detested by people. The TNR programme seeks to turn stray dogs which can be detestable the animals which are released back to nature after trapping and neutering will be tamer than before. They will not become a source of nuisance to the community anymore. However, whether the programme can be successfully launched hinges on district consultation. As far as I know, the consultation is underway in Sai Kung, Lamma Island and Yuen Long. I hope that it can secure the support of local residents, such that the pilot programme can at least be kick started in these districts.

Regarding food nutrition labelling, the Food and Drugs (Composition and Labelling) (Amendment: Requirements for Nutrition Labelling and Nutrition Claim) Regulation 2008, which is a very important piece of legislation in terms of food safety, was passed in the Legislative Council in 2008. The Amendment Regulation sought to introduce a mandatory nutrition labelling scheme for pre-packaged food. After a grace period of two years, the scheme came into operation in July 2010 and it has been in operation for nearly two years.

In October last year, the Audit Commission conducted a review to specially look into Food Labelling and Nutrition Labelling of Infant and Special Dietary Food. The Public Accounts Committee of this Council later conducted a hearing and issued a report to express its concerns that the Government has not proposed any ordinance or regulation to govern nutrition labelling of infant and special dietary foods marketed in Hong Kong, nor required such foods to comply

with the relevant Codex standards and guidelines. As far as infant formulae are concerned, to date, the Government is only willing to lay down standards similar to those issued under the International Code of Marketing of Breast-milk Substitutes of the World Health Organization (WHO Code). That said, it was not after our repeated calls that the authorities are committed to laying down the standards, which are only standards similar to those under the WHO Code formulated in 1981. In fact, the Legislative Council has been calling for putting infant and special dietary foods under the statutory framework because the infants' parents also need to know the nutritional information of such foods. However, these infants and their families have been neglected under the system. Hence, I do not see why such foods have to be excluded from the food labelling and nutrition labelling scheme if we are to uphold the entirety of the scheme.

As for food labels in general, the Audit Commission also found in its investigation that the font size of the wordings on food labels were too small. Moreover, random food-label checks conducted by the FEHD were mostly focused on large chain supermarkets with very few checks conducted on small shops, thus leading to an extremely high compliance rate (99.3%). The FEHD's compliance rate is very different from the one obtained by the Audit Commission. In its random food-label checks conducted at medium-to-high risk premises (that is, retail outlets), the Audit Commission found a non-compliance rate of 60%. The FEHD is duty-bound to act as a gatekeeper of these administrative measures and execute its duties properly. Only by so doing will the people of Hong Kong be accorded genuine health protection.

President, in the coming year, protection on consumer rights in Hong Kong will be prominently enhanced because the Pyramid Schemes Prohibition Bill, the scrutiny of which was completed last year, has come into operation on 1 January 2012 and the Bills Committee on Trade Descriptions (Unfair Trade Practices) (Amendment) Bill 2012 also convened its first meeting today. Certainly, some people may say that the ordinance has only come too late. Recently, 10-odd cases of unfair trade practices were found related to a beauty salon named Pearl De Beaute and some victims have sought help from the Democratic Party. The consumers concerned were taken naked photos and threatened by the beauty salon to enrol in service plans charging some \$100,000. A small number of unscrupulous traders may resort to such practices.

Almost every month, we come across cases of consumers being cheated through various means by unscrupulous traders or forced to make purchases involving a large sum of money, which often amount to a few times of the victim's annual salary. In fact, a cooling-off period is very effective in safeguarding the interests of consumers who have signed a pre-pay long-period contract. Regrettably, the present discussion does not cover cooling-off period. I have no choice but make use of this opportunity to call on the Government to expeditiously introduce another amendment ordinance in the new Legislative Session to add a cooling-off period into the Trade Descriptions Ordinance. It is expected that the Consumer Legal Action Fund will receive more applications in the future as a result of the new provisions in the Ordinance and the successful rate of application will also increase. I thus propose that the Government should increase funding for the Consumer Council, particularly on the Consumer Legal Action Fund as its expenditure will increase with the increasing number of legal proceedings initiated.

With the increase in the number of free newspapers in recent years, the public will easily come across newspaper advertisements which are misleading and exaggerated and may have infringed on consumer rights. Moreover, people of the lower echelons may easily become prey to such advertisements which may leave them more susceptible to serious financial losses, and some such advertised products may even be harmful to consumer health. Besides, with more and more Mainland visitors coming to Hong Kong for shopping, such unscrupulous trade practices adopted by traders to make a profit from these visitors will have an impact on the international image of Hong Kong. The role of the Consumer Council is precisely to prevent such incidents from happening. The work and responsibility of the Consumer Council are thus very important.

The Consumer Council announced that due to redeployment of resources to conduct more product tests, it conducted less consumer surveys and general researches in 2011, meaning that it could not further enhance its cost-effectiveness under its stringent manpower and resources at present. It is thus paramount that more financial support should be given to the Consumer Council. Unfortunately, as compared with the actual funding allocated in 2008-2009, after all these years, the estimated funding earmarked for the Consumer Council for the year 2012-2013 will only increase 4%. The Consumer Council needs to keep abreast of the times in handling new unfair trade practices and be able to tackle them individually. I hope that the Government

can be more proactive in providing financial support to the work of the Consumer Council and provide it with more funding to extend its services because the number of complaint cases it receives has simply exceeded its handling capacity.

Concerning competition law, I anticipate that the bill concerned can be passed this year. The Government should reserve funding for the setting up and operation of a Competition Commission. We hope that after the passage of the bill, the Government can step up communication and education with different industries because a Competition Tribunal will also be set up. I thus think that the Government should explain further the funding earmarked for such work.

Concerning public utilities, people are certainly most concerned about the increase in electricity. Recently, CLP Power Hong Kong Limited (CLP) reinstated that customers might experience a double-digit tariff increase in the coming two years. The tariff this year was originally a double-digit increase, but with our concerted efforts, the increase rate had ultimately been lowered. However, as reflected from the recent announcement of the company's performance, CLP has impressive earnings, and its overseas profits have in particular surged, thus I find it hard to understand why CLP still has to press ahead with its tariff increase. I propose that the Government should allocate funding to study the opening up of the electricity market and to conduct an interim review before 2003, so as to lay down the criteria for stabilizing electricity tariff.

Last but not least, it has come to the attention of the Democratic Party that retail oil prices have gone up recently. Retail petrol prices have unprecedentedly peaked, with the price of unleaded petrol reaching \$17.38 per litre, which is higher than the historic peak of the international crude oil retail prices in 2008. While the international crude oil prices in 2008 were 20% lower than the latest international crude oil prices today (the Brent crude oil), the retail petrol prices today are far higher than the per litre price of petrol in 2008. When the international crude oil prices were at their historic peak, the price of petrol was only about \$16.7 to \$16.8 per litre and the international crude oil prices were US\$146 per barrel. Today, international crude oil prices are below US\$120, but the price of petrol is at \$17.38 per litre.

Why is it so? Has the Government played its part to monitor oil prices? Are oil companies too fast in increasing oil prices but too slow in lowering them? Is there any profiteering? The Government has made no explanation; and the

setting of oil prices lack transparency. Hence, the Democratic Party proposes that funding should be allocated to set up an energy commission to replace the Energy Advisory Committee. The new commission should take charge of monitoring the energy market (including petroleum and diesel), opening up the electricity market, studying how to enhance competition and introduce new power companies, so as to lower people's expenditure on energy.

I so submit.

MR WONG TING-KWONG (in Cantonese): President, in this year's Budget, quite a number of measures have been proposed to support small and medium enterprises (SMEs). It can be said that the difficulties and demands expressed by SMEs have finally drawn the attention of the Government. This is certainly encouraging.

Among the government measures to support SMEs, three measures impress me most, namely enhancing the SME Financing Guarantee Scheme, setting up a dedicated fund of \$1 billion to help Hong Kong enterprises tap the Mainland market, and increasing the funding ceiling of the Small Entrepreneur Research Assistance Programme.

DAB has all long relayed to the Government the aspiration of SMEs for enhancing the SME Financing Guarantee Scheme. Now, the Government finally accepts DAB's proposal by raising the loan guarantee ratio to 80% and lowering the guarantee fee. This is worth supporting. This concessionary measure is in fact indispensable to the sector. As we all know, the serious debt crisis in the United States and the European nations are casting uncertainties over the external economic environment of Hong Kong. With declining exports, the purchase orders received by SMEs are on the wane. In the grip of tight cash flow and rising costs, SMEs are operating in difficulty and many of them have goods returned from customers. Enhancing the SME Financing Guarantee Scheme will enable those SMEs in need to obtain loans, thereby boosting cash flow and easing tight liquidity. As a result, SMEs can breathe a sigh of relief amid the tough operating environment and increase their chances of staying afloat.

The SME sector has long been seeking the resumption of Special Loan Guarantee Scheme. As the enhanced SME Financing Guarantee Scheme is in essence very similar to the then Special Loan Guarantee Scheme, the demand of the SME sector has somehow been met by the Government. However, these enhancement measures actually have to be followed up as they are subject to a time limit. The application period for all the aforesaid concessionary measures is limited to nine months. After that period expires, it is up to the Government to decide whether the measures will be retained or not. I hereby call on the Government to implement these concessionary measures as soon as possible, keep a close eye on their implementation, hear the feedback from the SME sector, and conduct reviews from time to time. When the measures are about to expire, the Government should carefully evaluate the industry's needs at that time and respond accordingly, rather than suspending the relevant measures casually.

Apart from enhancing the SME Financing Guarantee Scheme, the Government also plans to allocate \$1 billion to set up a dedicated fund to help Hong Kong enterprises tap the Mainland market by restructuring and upgrading their operations, developing their brands, charting their ways to move up the value chain. Under the National 12th Five-Year Plan and the Mainland/Hong Kong Closer Economic Partnership Arrangement, the industrial and commercial professionals in Hong Kong have now gained further market access to the Mainland. How to grasp the opportunities in the Mainland market and tap the market potential there has become a topic that must be seriously explored by Hong Kong enterprises. It is an opportune time for the Government to set up a dedicated fund to help Hong Kong enterprises go north and explore the Mainland market. China is now the key driver for global economic development. The country is actively pushing for economic restructuring by gradually easing its dependence on exports and proactively boosting domestic consumption. Under such circumstances, enterprises heading going to explore business opportunity will be able to tap enormous business opportunities, as long as they have well planning and appropriate support on all fronts. Hong Kong's economy can also scale new heights, capitalizing on market expansion in Mainland China. The setting up of a dedicated fund totalling \$1 billion underlines the Government's good intention to help the SME sector explore the Mainland market. However, I have to stress that a \$1 billion fund is certainly not enough for exploring the vast Mainland market where business opportunities abound everywhere. The Government must work on various fronts to formulate comprehensive supportive measures in order to achieve the desirable effect.

In addition, the Government is planning to increase the funding ceiling of the Small Entrepreneur Research Assistance Programme from \$4 million to \$6 million, so as to help SMEs with their research and development (R&D). However insignificant the amount of government funding, the measure is still very meaningful. The Government has long been hoping to develop the six industries where Hong Kong enjoys clear advantages. In today's world, it is necessary to leverage advanced technologies in order to revitalize the industries. To maintain the momentum of advanced technology development, we have to stress on R&D. The increased government funding for R&D will help encourage those SMEs seeking to engage in R&D but lacking the necessary capital to contribute to industry upgrade in Hong Kong. I hope the Government will implement this measure as soon as possible to allow more aspiring people to engage in R&D and realize the vision of revitalizing the industries at the earliest possible time.

President, apart from the aforesaid three measures, this year's Budget also rolls out other measures to support SMEs. They include waiving the business registration fees, reducing a certain amount of profits tax, lowering the charges for import and export declarations, and adjusting the services of the Hong Kong Export Credit Insurance Corporation, and so on. I think these measures cannot help much practically. They look "pale" compared to such "big-bang measure", such as the SME Financing Guarantee Scheme. Take lowering the declaration charges as an example, the Government estimates that the import and export trade enterprises can save approximately \$9,000 every year. The \$9,000 saved can of course slightly ease their burden a bit. However, it is only a drop in the ocean for the anxious SMEs which have been feeling the pinch of the external environment. Nevertheless, any government assistance offered to SMEs is better than none. I hope the Government will listen to the views expressed by the sector and keep implementing measures to help SMEs.

In fact, there are many other works the Government has to undertake in order to support SMEs and secure the means of living of wage earners. Nowadays, closer trade and economic co-operation with the Mainland has already become the trend of the times. Yet, Hong Kong enterprises going north very often encounter the vexing situation of "big doors lay open while small doors remain shut". The different legal and industry rules between the two places have caused quite a headache for all SME bosses. It is incumbent upon the Government to effectively play the role of a facilitator and help Hong Kong

enterprises break through all the big and small barriers, so as to oil the wheels of closer trade and economic integration between the two places.

President, in this regard, the Government has to strengthen communication with various levels of Mainland authorities and closely co-operate with the Mainland authorities so that they can provide an open market for Hong Kong enterprises to compete and work with their Mainland counterparts on a level playing field. For instance, the Government should work with the Mainland authorities to lower the Mainland's value-added tax (VAT) rate for goods imported from Hong Kong, or seek to change its *modus operandi* to lessen the adverse impact of VAT on Hong Kong enterprises. One of the ways to change its *modus operandi* is to defer tax payment until after goods are being sold, so as to boost our enterprises' cash flow.

I would also like to talk about the industrial policy in Hong Kong. Nowadays, many developed economies are setting their sights on developing industries which are high value-adding, employ advanced technologies and are innovative in nature. Hong Kong is no exception. However, the Government has yet to develop a set of comprehensive and well-defined policies and ideas for industrial development in Hong Kong. Browsing the government websites and poring over the Government's published documents, you can hardly locate a set of comprehensive and well-defined policies and ideas relevant to the prevailing situation. All you can find are just some piecemeal policies and supportive measures. This is not acceptable. What is the underlying problem of lacking a comprehensive industrial policy? It actually indicates that the Government does not have a holistic planning and stops short of considering the big picture. In the absence of a clear and overall development direction, all it can do is to act shortsightedly, with measures that lack vision and policies in bits and pieces, resulting in "band-aid solutions".

For Hong Kong to have industrial development, it is bound to face some difficulties such as inadequate land supplies, exorbitant rents and relatively high labour costs. Nevertheless, we also enjoy many advantages like comprehensive infrastructures, sound legal system and advanced information technologies. That is coupled with our reputation as an international city and our proximity with the Mainland market where business opportunities abound with great potential. The industrial development in Hong Kong can still go a long way if we play to our strengths. Therefore, I hope the Government will devise a set of

comprehensive and well-defined industrial policies and ideas, so that the industrial sector in Hong Kong can steadily head in the new direction of high-value-added, high-technology and innovative model.

In addition, the SAR Government should have conducted public consultation regarding the review of patent system in Hong Kong at an earlier time. Such exercise may indeed provide an opportunity to facilitate the development of patent industry and promote local invention. The DAB has earlier proposed the setting up of an "original grant patent system" to introduce patent approval specialists from the Mainland at the start-up stage, and set up a regulatory regime for the professional qualifications of patent attorneys and patent agents, as well as train up local patent attorneys. I hope the Government will seriously consider this proposal. Patent protection and new invention are in fact closely related to each other. A sound patent system can encourage creative invention which will in turn drive our economy forward and benefit the public. Therefore, the Government should seriously review the patent system and carry out reform to fix its shortcomings.

President, the Government should make good use of its huge financial resources. Apart from rolling out short-term relief measures to ease the immediate difficulties of the community, it should also be visionary and formulate policies conducive to the long-term development of the community. While protecting employment, it should also promote development and improve people's livelihood. Supporting SMEs serves as a good leverage point to achieve these three targets. As the livelihoods of most wage earners hinge on the ups and downs of SMEs, the Government must accord high priority to the development of SMEs in order to protect employment, promote development and improve people's livelihoods. The SME supportive measures launched by the Government this year are of good intention and are steps in the right direction. Yet, there is still room for further development and improvement.

With these remarks, President, I support the Appropriation Bill 2012.

MR RONNY TONG (in Cantonese): President, non-governmental organizations will review our performance as Members of the Legislative Council every year. By the same token, public officials should also have their performance reviewed as their current term of office is drawing to an end. In the past few weeks, I

have been making community visits to discuss with local residents various questions raised in connection with the Budget. Many people have said to me, "Mr TONG, is it about time for you to review the performance of the Financial Secretary?"

President, the last one or two years is always the most critical period for a politician or public official. Many people would say that the last two years should be taken seriously as they are always the defining moment for one's political career. Speaking of TUNG Chee-hwa's tenure as the Chief Executive, people will only remember that 500 000 people took to the streets as a result of the legislative proposal to implement Article 23 of the Basic Law. Regarding Donald TSANG's tenure as the Chief Executive, I think he will soon be remembered by many as "Yacht TSANG" or "Jet TSANG". What about the Financial Secretary? President, having reviewed the records in the past five years, to my surprise, I really cannot find any breakthrough or unconventional policies or measures proposed by him that I consider worthy of mentioning in this Chamber — something that reminds us of the incumbent Financial Secretary Mr John TSANG, or allows him to leave his mark on history, so to speak. I can find nothing.

On the contrary, I find some surprising figures. President, in the past 15 years since the reunification, the Financial Secretaries have adhered to the tradition of "not getting the numbers right" in each budget. According to my tally, in the past 15 years, Hong Kong had a deficit in five years. Notwithstanding, the estimated revenue in each budget has been underestimated by more than \$30 billion on average. President, it is a case of underestimation by more than \$30 billion in each budget. In this regard, how is the performance of the incumbent Financial Secretary? President, he has out-performed his predecessors. Since he resumed office in 2007, the total amount of underestimated revenue has reached a hefty \$348.4 billion in five years, or an average amount of underestimation by \$70 billion in each budget. President, that is really awesome. I reckon he will be remembered by many as the Financial Secretary who cannot get his numbers right.

Nonetheless, I think it is not simply about not getting the numbers right for the Financial Secretary. In the past few years, I think the public will certainly remember him as the "one-off" Financial Secretary because in almost every budget, particularly in the last few ones, all the measures he implemented were "one-off" measures. As I have just said, given his substantial underestimation of

government revenue, the Treasury has been overflowing with money, and since he has no idea of how to make use of such money, all he can do is to implement some one-off measures which are completely devoid of long-term vision and planning.

President, I have done another calculation for him. The total cost of one-off measures proposed in the budgets over the past five years is \$165.783 billion. In other words, "goodies" amounting to \$33.1 billion have been handed out in each budget on average. That is our Financial Secretary. President, what do these figures mean? These figures are not only testament to his inability to calculate correctly, but also his lack of responsibility as a Financial Secretary because he has underestimated government revenue by as much as some \$70 billion each year. President, let us not forget that these budgets involve hundreds of billions of dollars, not trillions of dollars. If he had collected excessive tax revenue, he should introduce tax reduction measures. His performance in this regard is really sloppy. He should have increased recurrent government expenditure because Hong Kong should, as specified in the Basic Law, follow the principle of keeping the expenditure within the limits of revenues and strive to achieve a fiscal balance. President, is the fiscal position balanced if a surplus of as much as \$70 billion is recorded every year? I think even a child can answer that question: it is not a balanced budget.

Actually, what has been done by the Financial Secretary in the past five years? President, to be fair, we should not only direct our criticisms against the Financial Secretary alone, but also against the ill-advised counsellors behind him, including Directors of Bureaux, Permanent Secretaries and even civil servants, who have helped the Financial Secretary draw up his budgets. All these people have performed badly. Just think, if an additional \$30 billion is allocated every year, would the current situation be less miserable? Would the disparity between the rich and the poor be improved? Regarding the proposal to establish a universal retirement protection scheme which we are now striving for, it merely involves a funding allocation of \$50 billion to set up a seed fund. It can be done with just one year's surplus, yet the Government still refuses to do so.

President, even those things do not matter. A responsible or diligent Financial Secretary should be mindful of the relationship between the legislature and the executive authorities when performing his duties. But regrettably, as shown in the past two years, the Financial Secretary has completely forgotten one

thing. President, I still remember the immediate predecessor of the incumbent Financial Secretary — of course, Mr TANG is now in a dire situation arising from his election campaign for the Chief Executive, but he has at least done one good thing. He was willing to sit down and discuss with the democratic camp our suggestions for improvement after he had drafted the budgets. A case in point is that he was willing to accept our views to implement the transport subsidy trial scheme.

As we all know — pardon me, I should not say so because many people have no idea that notwithstanding the clear stipulation in the Basic Law that Members of the Legislative Council shall have the power to examine budgets, President, you must know very clearly that our power is effectively null. Why? Because we cannot make any changes to the budget.

Many people say that Members who propose amendments to this Budget are merely putting on a political show. As a matter of fact, the proposed amendments to reduce the salary of Directors of Bureaux, or even the Chief Executive, are all political shows because we cannot change anything in the Budget. We cannot increase government expenditure. As I have just said, a surplus of \$70 billion has been recorded in each budget for the past five years. Do I want to cut expenditure further? Given that the measures introduced by the Financial Secretary are less than sufficient, do I want to further cut the expenditure items he proposed? I cannot do so. Then, what can we do? Should we veto the Budget? President, we do not have enough votes. Even if we have, I am not sure if the democratic camp dares to veto the Budget because if that is the case, frankly, it will not be the Financial Secretary but ordinary members of the public who suffer.

As Members of the Legislative Council, what can we do? The only thing we can do is that after the announcement of the Budget Indeed, some measures in the Budget have incorporated the suggestions made by Members during the consultation period. In this year's Budget, for instance, President, I cannot deny that most of the suggestions made by the Civic Party in respect of tax concessions have been accepted by the Government, and the injection of \$10 billion into the Samaritan Fund was indeed a pleasant surprise. However, the Government should not ignore the rightful role of Members in respect of budget consultation.

Regarding the so-called "three have-nots" who need urgent assistance, there is nothing in the Budget to cater for their needs. Hence, we requested to meet with the Financial Secretary and discuss with him. President, after the delivery of the last budget, it met with all criticisms. Had the Financial Secretary come to us? No, he approached Members of the pro-establishment camp. That information was relayed to me by Members of the pro-establishment camp. In fact, such meetings were useless because once they entered the meeting room, they were told by the Financial Secretary that he intended to hand out \$6,000 to each person. That was by no means mutual discussion between the executive authorities and the legislature in a bid to seek a solution. Of course, his treatment to the democratic camp was even worse; he did not even meet with us.

This year, we also requested to meet with the Financial Secretary, in the hope of suggesting certain targeted relief measures, such that we could support this Budget whole-heartedly. President, do you know how the Financial Secretary responded? He said, "Sorry, I have no time for you. So, just go away." President, should that be the right attitude of a responsible government official? Should that be the right attitude of a responsible Financial Secretary? Originally, I have thought of supporting this Budget because as I have just said, we consider that some of the proposals, including tax concessions, and reductions, as well as the injection into the Samaritan Fund, should be implemented. Hence, I have thought of supporting the Budget. But when the Financial Secretary adopted such an attitude towards Members of the Legislative Council, I think that is absolutely unacceptable.

President, what exactly are we talking about here? We are only talking about what measures can help the "N-nothings". I admit that it is very difficult to identify these persons. But perhaps there is one way to give them some assistance, that is, through the transport subsidy scheme. The scheme is very practical. We need not provide them with housing. So long as they can work, they need not rely on CSSA. President, how much money is involved in this case? When the scheme was first introduced — the eligibility criteria have been relaxed last year — the Government indicated that it would benefit 200 000 persons. But when the Government was asked to provide the relevant figure this year, we were told that only 10% of the original estimate, that is, 20 000 persons, had benefited from the scheme. Even worse, the Government adopts the miserly approach of administering a household-based means test, instead of adopting a

"dual-track" approach so that more people can benefit from the scheme. The scheme can actually help the "N-nothings" if the "dual-track" approach is adopted, but the Administration is unwilling to do so. Instead, it wrongly takes in more than \$70 billion in revenue each year.

Therefore, President, overall speaking, I cannot accept this final Budget of the Financial Secretary. For the appropriate proposals in the Budget, the Financial Secretary is just fulfilling his duties; for the inappropriate proposals, he should be reprimanded. President, I have to reprimand the Financial Secretary today, not only for this Budget, but also for his performance in the past five years. He has ignored his duty of maintaining a reasonable balance between government expenditure and revenue; he has ignored the duty he should have in promoting the relationship between the executive authorities and the legislature; and he has ignored his duty towards those in society suffering from extreme hardship and having an urgent need for attention and immediate assistance from the Government. President, I desperately hope that I can support this swansong Budget of the Financial Secretary. But regrettably, I think I cannot do so. Thank you, President.

MR LEE WING-TAT (in Cantonese): President, regarding this year's Budget, I will focus my speech on the supply of land, housing subsidies and subsidies for the "N-nothings". President, the exorbitant rentals and prices for flats resulted from the skyrocketing property prices in Hong Kong have been discussed time and again.

The Steering Committee on Housing Land Supply, led by the Financial Secretary, has operated for some time. I cannot say that the Financial Secretary has not done anything at all as he had indeed taken some steps forward, but I think that more can be done. Many friends, members of the public and even students asked me: Will housing supply increase in the coming two years given that the Government has made some efforts to increase land supply, resume the construction of Home Ownership Scheme (HOS) flats and reinstate the Tenants Purchase Scheme (TPS)? President, I can practically reply that the problem of land supply for housing cannot be resolved in the short run as policy is the outcome of accumulated experiences.

Following the moratorium on land sales in around 2002 or 2003, the Application List System (ALS) was introduced. As Members may be aware, after the introduction of the ALS, property developers had not triggered any sites for a few years. In other words, there was limited supply of land during the period from 2002-2003 to 2007-2008. Worse still, there was the cessation of the production of the HOS flats, which lasted for nearly five to six years. As a result, serious shortfalls have accumulated.

Therefore, I do not have high expectation that the next Government — regardless of who is elected the Chief Executive — will undertake within a year or two that PRH applicants will be allocated a PRH unit two years after application, that HOS applicants will get a new HOS flat and that the sandwich class can buy the My Home Purchase Plan (MHPP) flats. President, this will never happen. No matter what, I hope the Government will learn a lesson from the six years between 2002-2003 and 2008, and will not make drastic changes to policies relating to the supply of land and housing, or sway back or forth.

In 2002-2003, there was a drastic change in policy which had resulted in disastrous consequences. How would the moratorium on land sales not bring disastrous consequences? It was followed by the cessation of the production of HOS flats. Today, we have begun to taste the bitter fruits. Therefore, President, I hope the next-term Government will continue to implement the initiatives of the Financial Secretary. In other words, the policy on land supply would last for a few years under the existing mechanism in order to demonstrate to the market the determination of the Government. Of course, regarding the proposal to provide an average of 20 000 private housing units each year, I think the Government can make a step forward by providing 25 000 such units. This is not a huge amount to me.

President, another question is, can the existing policies on land and housing benefit the most needy in the short run? As Members may be aware, the Government claims that grass-roots families will be allocated a PRH unit in three years on average. I personally do not think this number is a true reflection as it has been inflated. Instead of saying that the Government has "tampered with the numbers", I would use a more restrained term that the number has been "inflated", as the waiting time of singletons for PRH units has been excluded. If we only consider the waiting time of household applicants for PRH units and exclude single-person applicants, it is true that they will be allocated PRH units in

two years or so. However, if single-person applicants are also taken into account, the average waiting time will be four or five years, or even longer.

Today, as far as basic living is concerned, I think the most important support for the community is not welfare benefits as mentioned by some colleagues earlier, but housing benefits. If the Government can provide PRH units to those living in cubicles or caged homes, it would be much better than offering them a tariff subsidy of \$1,800. With the allocation of a PRH unit, people not only can live in contentment, but also have a sense of security. Therefore, I hope that the Government can take a big step forward in building additional PRH units by all means. There were articles suggesting that the annual production of PRH units should increase from 15 000 to 25 000. Coupled with the recycling of old flats, the annual supply of PRH units can be increased to more than 40 000. As such, we can keep an average waiting time of two years for allocation of PRH units. This is an appropriate and reasonable projection.

Secondly, for young people, I have stated time and again that I do not support allocating PRH units to university students upon their graduation. Ideally, they should live with their parents after graduation from universities, after some time, they can rent a private flat to live with their boyfriends or girlfriends. After saving money for a few years, the couple can buy an old flat in Yuen Long or North District.

What is the present situation, Financial Secretary? Can they have sufficient savings for down payment to buy an old flat in some remote areas? I have never mentioned new flats which are beyond their affordability. How much do they need? To buy a small housing unit, they may need \$200,000, \$300,000 or \$400,000 as they can turn to the Hong Kong Mortgage Corporation Limited. If a young man earns a monthly income of \$10,000 or so, and even counting the income of his girlfriend, how can they save up to \$300,000 or \$400,000? I have done some calculations. After deducting the basic living expenditures, those who live with their parents will have to save about five to seven years before they can save up sufficient down payment to purchase their own flat. The period may be even longer in view of the skyrocketing property prices.

Therefore, we propose to the Government that some land sites should be allocated for building housing units with lease restrictions, say, a five-year lease,

for young people. They cannot live in such units permanently; the lease period is capped at five years. The rent of these housing units may be as low as \$1,000 per month. Suppose they earn a monthly income of some \$10,000, after deducting the living expenses, they can save \$3,000, \$4,000 or \$5,000 a month. Together with the savings of his girlfriend, they can save up to \$10,000 a month and hence some \$100,000 per year. The advantage of this proposal is, firstly, increase the turnover; and secondly, explore new housing type by renting flats to young people under non-permanent leases. I think this proposal is worth considering.

For the so-called middle class and PRH tenants, many people reckon that property prices will adjust as a result of last year's European debt crisis and the low interest rate. In fact, the Financial Secretary should know much better than me. From early 2009 to mid-2011, prices of private flats have increased by 40%. However, I notice that such prices have dropped by less than 10% since September 2011, ranging from 6% to 8% on average. Even the largest drop recorded does not exceed 10%. Our property prices still stand high and have far exceeded the increase in median household income. The gap has further widened.

I reckon that it would be extremely difficult to close the gap within a short time. President, this is because property prices have been climbing gradually with a sound basis. You can see that after the New Year, prices of second-hand residential flats have increased by nearly 5% and some have even broken the record high. The per-square-foot price of those old flats in Taikoo Shing has reached as high as \$12,000 or \$13,000. The reasons are very simple. The interest rate is low and mortgage payment is not that high. Furthermore, property owners in Hong Kong have sound financial conditions and they are reluctant to lower the property prices for sale. Unless — we do not wish to see this happen — the global economy experiences great fluctuations, otherwise I do not think there will be any changes. Therefore, for those who want to purchase their own flats, apart from buying old flats in Yuen Long and North District, they have to set their eyes on HOS flats. It is therefore hoped that the Government will build sufficient numbers of HOS flats, and the numbers should be subject to review and adjustment. The mere production of a few thousand flats a year may not be enough.

President, I want to highlight one point about this year's Budget. It is concerned with the assistance provided to the so-called "N-nothings". President, while this issue has been discussed time and again for many years, it is not mentioned in this year's Budget. Fortunately, following a visit last week, the Chief Secretary for Administration agreed in principle to do something. Nonetheless, I just hope that the Financial Secretary will relay this to the Chief Secretary for Administration — I have actually brought this to his attention before. In fact, the present proposal can be more generous. The proposed tax concessions, including rates rebates, amount to nearly \$10 billion.

We always request the Government to provide some financial assistance to people living in cubicles. The Chief Secretary for Administration said that the financial assistance will involve \$50 million to \$100 million, which is indeed a small sum of money. I told my colleagues that in the budget cycle, proposals less than \$100 million will not be discussed. This is actually another way of saying that this amount is too small. The present approach, which I do agree, is to impose some restrictions on the income level. The most scientific method is to make reference to the income limit imposed by the Housing Authority (HA). I have no objection and consider the imposition of income and asset limits appropriate. The question is the amount of financial assistance that should be provided. Suppose the singletons living in PRH units are currently required to pay a rent of \$1,000, the Government will grant them \$2,000. This is the thinking of Administrative Officers. President, you once told me when we were having a meal together that Administrative Officers were trained to think on a logical basis. However, they have never put themselves in the shoes of those suffering from hardship. As PRH tenants and singletons usually pay a rent of \$1,000, or for those living in one-room units, the rental is \$1,300 to \$1,500, hence government officials consider that this amount can be adopted as a benchmark or a standard for granting financial assistance to the "N-nothings". However, Financial Secretary, this is not necessarily correct.

For singletons living in cubicles, they usually pay an annual rent of \$30,000 to \$36,000 as the monthly rent of sub-divided units is about \$2,000 to \$3,000. In that case, the allowance granted may not resolve the rental problem. Some people queried whether PRH tenants will complain if the "N-nothings" receive a large amount of allowance. Financial Secretary, may I ask, why should they complain? First, if I am a singleton living in a PRH unit, my living environment is safe and comfortable. Second, I only have to pay a monthly rent

of \$1,000 whereas the rent of cubicles is \$3,000 a month. What then is the problem if the Government offers the singletons an allowance of two months' rent amounting to \$6,000? This only helps them pay rent for two months. President, they still have to pay a monthly rent of \$3,000 for the remaining 10 months. Those living in single-person PRH units can enjoy a rent waiver of two months, but they are still required to pay a monthly rent of \$1,000 for the remaining 10 months.

If we say that social resources should be allocated to people who are suffering, then who these people are? PRH tenants are certainly not very rich. I am not saying that they are very rich. Yet, it is always those living in the cubicles who suffer more. That is why I hope that the Government will consider from this perspective and grant the so-called rent allowances. Furthermore, I do have grounds. Financial Secretary, when the HA conducted the annual review on income and asset limits, it has also taken into consideration the housing expenditure and non-housing expenditure. For housing expenditure, it is \$2,800 to \$2,900 for singletons. I did not invent this. When I asked what the housing expenditure for the fourth quarter of 2011 was during the special meeting held with the Housing Department last week, the reply was \$2,800 to \$3,200, subject to the type of housing units.

Therefore, Financial Secretary, the Government should consider providing assistance to people in need of help. Regarding the proposed tax exemption for those high-income earners, as we have put forth similar proposals before, we will therefore not raise any objection. What is more, we are also beneficiaries. The point is, to these high-income earners, the proposal has merely enabled them to spare an additional \$5,000 or \$20,000 to buy a few more new clothes or go for another medium to long trip. But for those living in cubicles or sub-divided units, the provision of a two months' rent subsidy of \$2,000 and \$6,000 will be a different story. The \$6,000 will certainly be of great help to them. I eagerly hope that the Financial Secretary will relay this again to the Chief Secretary for Administration, though this has been relayed before.

The Government should be able to afford this amount of money. Even if we adopt the estimates made by the Chief Secretary for Administration, the cost incurred is only \$50 million. Even if the estimate is based on our new calculation method, the cost incurred is just \$150 million to \$200 million. Will this sum of money impose a heavy burden on the Government? I do not think

so. And yet, for people who are living in abject poverty and fail to benefit from the tariff subsidy, rates waiver, tax exemption or tax rebate, I think this is the best option to them. It also the best gift that this farewell budget gives to them. Thank you, President.

MR CHAN KIN-POR (in Cantonese): President, after the delivery of the Budget this year, the feedback has been lukewarm. Certainly, the Chief Executive Election has stolen the limelight, and the Budget, though ensuring a stable status, has not given us many pleasant surprises. On the whole, while there are still some disgruntled voices in the community, it is in no way comparable to the widespread uproar resulting from the cash handout initiative in the last budget.

First of all, I would like to make an overall assessment of the Budget. Personally, I appreciate that the Budget has put forward a number of measures to prevent the onset of a financial turmoil in light of the economic environment. Various measures have been proposed, such as enhancing the SME Financing Guarantee Scheme, waiving the business registration fees and reducing profits tax for the last year by 75%, as well as introducing a range of measures for preserving employment. Though the recent economic crisis has shown signs of easing, the relevant measures are still necessary to stabilize public confidence. In the past, the Government usually introduced measures after we were hit by a storm, this time, it is more forward looking in preparing for the onset of a storm.

Regarding people's livelihood, almost all relief measures as expected by various parties are proposed in the Budget. In general, the Budget has catered for the needs of the grassroots and the middle class. Apart from the one-off giveaway measures that the Government used to implement, it has also introduced a series of tax concession measures, such as raising the basic allowance, increasing the allowance for maintaining a dependent parent, raising the child allowance, as well as raising a number of tax allowances. This is a rare practice in recent years. The Budget also proposes reducing salaries tax by 75%, which will benefit 1.5 million taxpayers and is expected to relieve the pressure of the middle class.

Nevertheless, the Budget is still inadequate in several aspects. Most disappointingly, the Budget still fails to propose long-term measures for solving the poverty problem. It still relies on one-off giveaway measures to alleviate

people's hardship, without providing any assistance to the "N-nothings". Despite repeated urgings by this Council, the Budget still has not proposed any long-term measures to promote economic development, and nothing is mentioned about industrial policies. No progress has been made in the development of headquarters economy as I have proposed, giving rise to worries that the development of our economy as a whole will fall into the plight of sailing against the current. Concerning the community's appeal for perfecting retirement protection, the Budget has been evasive and fails to address the urgency of the problem of an ageing population. I hope the new-term Government would give some good thoughts to these issues.

I am going to spend some time responding further to a number of specific policies.

Regarding the financial and insurance sectors, I strongly support the Government's continued allocation of resources to promote further financial co-operation between the Mainland and Hong Kong and consolidate our position as an offshore Renminbi business centre. With the continued urbanization of Mainland towns and villages, and the ageing population, there is still ample room for development of the Mainland insurance market. The Government and the Mainland regulators should speed up the implementation of complementary measures for the insurance industry in Hong Kong, so as to explore business opportunities in the Mainland. These measures include lowering the threshold for Hong Kong insurers to enter the Mainland, broadening the channels for local insurers to invest in the Mainland, and allowing Hong Kong-licensed reinsurers to remit RMB reinsurance premiums underwritten in the Mainland to and out of the country, so as to promote the development of Hong Kong into a reinsurance centre in Southeast Asia.

Locally, the Government should continue to make efforts for the automation of the Mandatory Provident Fund System and to streamline the procedures, so as to lower the management fees and increase the investment returns for wage earners. The establishment of an Independent Insurance Authority and the establishment of a Policyholders' Protection Fund should be carefully considered. The Government should also listen to the views of the sector and make appropriate changes to gain the support of the trade.

About tax deductible insurance premiums, most Hong Kong people have the good habit of making good preparation for the future. On medical services, one third of Hong Kong people have taken out medical insurance. In the past, I repeatedly proposed that the Government should introduce tax deductible insurance premiums. I believe medical insurance can really benefit the insured and I also hope that people who have the financial means will transfer their risks and responsibilities onto the insurance companies, hence when they suffer from health problems in future, they need not rely on public hospitals for treatment. In this way, the limited public resources can be used to cater for the grassroots who are most in need of help. The two popular Chief Executive candidates have expressed support for the proposal on tax deductible insurance premiums. By offering tax concession, people would be encouraged to take out medical insurance. I hope the next-term Government would expeditiously implement the proposal. Besides introducing tax deductible insurance premiums, I also hope that the Government would gradually extend the tax concessions for insurance to accident, life and other personal insurances.

As regards the \$50 billion earmarked for the Voluntary Health Protection Scheme, the Government should set up a seed fund to generate more money, so as to provide long-term support for the Scheme.

In addition, the Budget proposes further issuance of iBond worth not more than HK\$10 billion. I agree that iBond is a desirable tool to assist the public in coping with inflation, but the amount of HK\$10 billion is too small in consideration of the current economic conditions. The economic growth this year will slow down and the Government expects that the annual increase in GDP is only 1% to 3%, while the inflation rate is 3.5%. Under the current extremely low interest rate environment, iBonds will be highly attractive to many subscribers. On the basis of \$10,000 per board lot, only a total of 1 million board lots will be issued. If all Hong Kong people intend to subscribe, each person will only be allocated one to two board lots, which basically fails to achieve the objective of assisting them to cope with inflation. Hence, I hope the Government would increase the amount to be issued in consideration of the subscription situation, so as to meet public demand.

On labour and welfare, the Budget has indeed provided the middle class with some relief measures. I welcome the Government's efforts. As regards

whether the measures are effective and can rightly address the needs, there are divergent views in the community.

I would like to discuss, in particular, the problems of the grassroots. For many years in the past, the Budget has consistently proposed one-off giveaway measures, such as providing an extra one month allowance to Comprehensive Social Security Assistance (CSSA) recipients and paying two months' rent for public housing tenants, so as to temporarily relieve their financial pressure. However, for the grass-roots people who have not been identified under the government system, while they have to face the same pressure of life, and their living environment may be more deplorable, this group of "N-nothings" have been treated coldly and neglected by the Government year after year.

Though they are also from the lower social echelon, they have received different treatment. The problem lies on the complacency of the Government for years, failing to improve the welfare system in light of the social situation. It has been unwilling to systematically collect and collate information on the "N-nothings", and it has been indifferent to these people. So, these grass-roots people have been forced to become the "invisible poor" and second-class citizens. They have really suffered a lot.

In the past, the Government has not taken care of these self-reliant grass-roots people who toiled silently. Although the objective of establishing the Community Care Fund is to help the "N-nothings" who live in bedspace apartments, cubicles or "sub-divided units", and are waiting for public housing allocation, the Government has not provided relevant information and data, and as a result, the Fund cannot offer help to this group of people.

I strongly welcome the proposed support to be given by the Community Care Fund to the "N-nothings", and I hope that the Government can set up a database on the "N-nothings" through this scheme. The information under the Transport Subsidy Scheme can also be used to compile the database, as mentioned by Secretary Matthew CHEUNG some time ago. I deeply believe that the database would be useful when the Government formulates policies and reforms the existing welfare system.

Regarding medical services, I would like to specifically discuss an issue that has recently attracted grave public concern, that is, the use of our medical

services by non-local residents. In recent years, the number of non-local residents admitted to private hospitals has been increasing at an alarming rate. The number of private hospital patients who are non-local residents has increased over 60% in four years, accounting for about 14% of the total number of patients. In comparison, the number of local residents admitted to private hospitals during the same period has slightly increased more than 20%. Take Tsuen Wan Adventist Hospital and Precious Blood Hospital as examples, the admission rate of non-local residents to Adventist Hospital last year was 37.2% of the total admission. As for Precious Blood Hospital, only 30 non-local residents were admitted in 2007, but the number increased to 4 000 last year. The rate of increase was more than 130 times.

The Government has stated that rate of services provided to non-local residents by new private hospitals would be limited to 30%. Apart from imposing the limit on new private hospitals, I urge the Government to expeditiously review the volume of services currently provided by private hospitals to non-local residents. Where necessary, it should amend the existing legislation and impose the additional requirement that priority must be given to the provision of services to Hong Kong residents.

I also hope that the Government would address squarely the present vicious circle of private hospitals: profits earned are given to staff as bonus and then charges are increased on the pretext of rising costs, leading to a price hike for private medical services. It is high time for the Government to review the present policy incentives granted to private hospitals; in particular, the tax exemption for non-profit making private hospitals. The Government should also levy profits tax on the profits made by these hospitals, so that the public coffers will not be affected.

Regarding environmental protection, as the Financial Secretary has pointed out that the current Government has introduced many environmental protection policies and has invested more than \$30 billion in environmental protection facilities and approved projects. I agree that the Government has made a lot of efforts in environmental protection but I still want to say that a number of important tasks are still outstanding which will have to be followed up by the next-term Government. These tasks include the Municipal Solid Waste Charging policy, the climate change mitigation measures, the methods for optimizing the fuel mix for power generation and the specific measures for

updating the Air Quality Objectives. Quite a number of polices were proposed some time ago. I understand that most of the problems involve many complicated factors but greater efforts must be made in Hong Kong for the Earth and public health.

Since various parts of the world are now affected by climate changes, there are many extreme weather disasters. It has also been proven that nuclear power has extremely high risks. Hence, the conservation of energy will become a global trend of environmental protection. I moved a motion in this Council last month, urging the Government to take the lead in organizing a territory-wide energy conservation campaign, to unite and motivate people from different strata as well as enterprises to participate, and the motion was passed. I hope the Government would seriously consider the implementation of a territory-wide energy conservation campaign.

I so submit.

MRS REGINA IP (in Cantonese): President, this is the last Budget of Financial Secretary John TSANG. I notice that the content of this Budget has been quite sound, which has not aroused public outcry. Certainly, with the handout of \$6,000 last year, we notice that many grass-roots people expect an encore of the same measure this year. Apart from this, I would like to discuss four other points. We can find some recurrent features in the budgets prepared by Financial Secretary John TSANG. One of the special features, as pointed out earlier by other colleagues, Mr Ronny TONG in particular, is that the Financial Secretary has significantly underestimated the financial revenue.

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

Indeed, the former Financial Secretaries, Charles Philip HADDON-CAVE and Hamish MACLEOD, also had underestimated revenues. However, the problem has been particularly serious during the tenure of Financial Secretary John TSANG. As pointed out by Mr Ronny TONG earlier, the underestimated revenue for the past five years exceeded \$300 billion in total. I have some figures in hand, which are quite alarming. For the year 2007-2008, the

estimated surplus put forth by the Government was \$25 billion, which turned out to be nearly \$112.4 billion. For the year 2008-2009, the estimated deficit was \$800 million, which turned out to be a surplus of \$1 billion. For the year 2009-2010, the estimated deficit was \$40 billion, which turned out to be a surplus of \$26 billion. For the year 2010-2011, the estimated deficit was \$25 billion, which turned out to be a surplus of \$75 billion. For the year 2011-2012, the estimated deficit was \$9 billion, which turned out to be a surplus of nearly \$67 billion.

The Financial Secretary is a veteran in public finance management. He knows clearly that government revenue mainly comes from salaries tax, profits tax, income from land sales and stamp duty, and so on. Why would the Financial Secretary be so inaccurate in estimating the revenue? It is indeed worrying. I have two concerns. The minor concern is whether the Economic Analysis Division of the Financial Secretary's Office suffers from a shortage of manpower, or has anything gone wrong? I am not querying the competence of the professionals, yet I am concerned whether they are understaffed, or whether their scope of studies are too restrictive and outdated, still focusing on matters in the colonial era. Is there a lack of inadequate information such that the Division fails to assess the impact of the economic development in the Mainland or in other countries on the economy of Hong Kong, in particular, on the development of various sectors?

My other concern is more serious. The Financial Secretary has often told us, he adopts a prudent approach of keeping expenditure within the limits of revenues in finance management, this is understandable. Since the Government has all along been underestimating its revenue, it dares not make provisions for investment. As a result, there have been inadequate investments in civil engineering construction, infrastructure, knowledge structure (that is education) and social services in the past few years, which had eventually impeded the progress of society. This is a very serious problem. I earnestly hope that the Financial Secretary will reflect on this: is there a shortage of manpower in his division, or are his staff members too conservative and outdated in conducting their studies?

The second problem is about poverty, which has also been mentioned by many colleagues. We notice that the Financial Secretary, in delivering his budget speech, began by bragging about the impressive economic performances

of Hong Kong. Of course, the Chief Executive Donald TSANG has also often told us how Hong Kong excelled in global economic ranking, as well as many other international rating. However, these figures do not mean anything to the general public. It is disappointing that the Financial Secretary has not touched on the problem of poverty in his entire Budget.

First, I hope that government officials will tell us the definition of poverty in their replies. According to the frequent reports issued by the Hong Kong Council of Social Service, there are 1.26 million people living in poverty in Hong Kong, which is greater than that of 10 years ago and before the reunification. What is the definition of poverty adopted by the Government? Should people outside the safety net be regarded as living in poverty? In other words, people who are ineligible to apply the Comprehensive Social Security Assistance are living in poverty. Certainly, we know that the Organization for Economic Co-operation and Development (OECD), with its headquarter in Paris, has conducted many studies on poverty. According to one of the criterion adopted by many academics in defining poverty, anyone earning less than half of the median income of society is regarded as living in poverty. I hope government officials will tell us the estimated number of persons living in poverty in Hong Kong when they respond later. As reported by the media and experienced by some people, many members of society are now living in "sub-divided units", temporary housing, "coffin-sized units", roof-topped flats and singleton hostel, and there are street-sleepers as well. Actually, how many people are regarded as "N-nothings" and persons in poverty?

The Financial Secretary has not told us in the Budget. While I strongly opposed the setting up of the Community Care Fund by the Government last year, I have to admit that upon the setting up of the Fund, the authorities have received a large number of requests for assistance, which have enabled them to have a better picture about the number of "N-nothings". According to the press, on 17 March, Mr Stephen LAM, Chief Secretary for Administration, suddenly "jumped the gun" and announced that the Fund planned to grant a one-off allowance to eligible "N-nothings", I wonder if I had prompted him to do so. He proposed that allowance would be granted to 12 800 "N-nothing" households, that is, a total of 28 000 "N-nothing" people. According to the definition of the Government, "N-nothing" people and "N-nothing" households includes 6 000 tenants of units, small rooms, cocklofts and bedspaces in private buildings, and 6 110 tenants in temporary housing, such as rooftop huts and huts, 140 street

sleepers and 493 tenants in singleton hostels, which makes up a total of 28 291 low-income earners.

I am glad that the Community Care Fund has eventually obtained some information and that the "cash handouts" to the "N-nothings" only incur an amount of \$56 million. I hope that the Government will, in its reply, explain the case to us and tell us the estimated number of "N-nothings" at present? Will the Government adopt the same definition as that of the Community Care Fund? Besides, will the authorities consider turning the one-off "cash handouts", which involve only a small sum of \$56 million, into a standing measure? Since the amount involved is not that significant and it is not that difficult to get the income to cover this expense, will the arrangement be turned into a standing measure to give continuous assistance to the "N-nothings"? In doing so, we will no longer have a large number of people living in poverty and distress despite the rosy economic figures of Hong Kong. I hope the Government will respond to this.

Regarding measures for alleviating poverty, many colleagues have also talked about this issue. This time, the Government has adopted many one-off relief measures, and new taxation measures are introduced to enhance the amount of various tax allowances. Speaking of one-off relief measures, I am really disappointed, as similar measures have been adopted repeatedly. I am most unhappy about the Government's footing the electricity bill for the public. I understand that the Government intends to alleviate the plight of the public by this measure, yet the demerit of paying electricity bills for the public is that it is not environmental-friendly, for the public will not care about saving energy as they need not pay the expenses incurred. These one-off relief measures give people the impression that the Government very often formulates measures to alleviate poverty for administrative convenience, that is, for easy operation by civil servants. Measures like paying electricity bill or granting "double payment" to CSSA recipients, waiving rents of public rental housing, and so on, had been carried out in the past, which will be easily operated by civil servants. The Government adopts these measures with a view to alleviating the plight of people living in poverty rather than giving the resources direct to people most in need of assistance. I hope the Government will reflect on this. I hope that the next Government will not adopt similar measures in alleviating poverty. I hope the resources involved will be delivered directly to people with genuine need, rather than making certain tenants of public rental housing and CSSA recipients, and so on, a new group of beneficiaries.

I will then talk about the industrial policies of the Government. I am rather disappointed with the performance of the Government in industrial development, particularly in the following two aspects: the medical and education industries. It seems paradoxical to me regarding the promotion of medical services industry by the Government. After hearing the remarks made by Dr LEUNG Ka-lau at the Legislative Council, as well as the views voiced by many members in the medical services sector when I met with them during my recent canvassing activities, I have the strong impression that the Government has not given profound thoughts in promoting the medical services industry.

According to the views repeatedly expressed by Dr LEUNG Ka-lau in the Legislative Council, there are about 3 900 beds in private hospitals. If we are to develop medical services industry, as mentioned by Mr CHAN Kin-por earlier, an increasing number of people will visit Hong Kong for specialist services, and private hospitals will make huge money. Apart from obstetric and gynaecology, there are specialist services If you go to Hong Kong Sanatorium and Hospital, all the patients speak Putonghua. The interests of the middle class in Hong Kong will be directly affected, for it will be difficult for them to book hospital beds, and the charges will be increasingly expensive.

I recall that Dr LEUNG Ka-lau has once said that if Hong Kong is to develop medical services industry, we should at least have an additional 10 000 beds. Among the four sites earmarked by the Government in Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau Island for private hospitals, tenders will be invited for the two sites at Wong Chuk Hang and Tai Po in the first quarter of 2012. As construction takes time, 2 000 beds will be provided only a few years later. In other words, the Government had not made any planning in terms of supply and demand prior to the promotion of medical services industry. Apart from beds, I learnt from the many complaints received during my canvassing activities that there was a lack of planning on medical resources, such as medical personnel, in particular, doctors and nurses. Many members in the medical service sector tell me that if the Government is determined to implement medical services industry, and maintain Hong Kong's status as an advanced medical centre in Asia, we have to make improvements in various outdated areas. In terms of hardware, as reported by the media recently, many facilities in Queen Mary Hospital, the University Medical Unit of the University of Hong Kong, are similar with those in the third world. In respect of software, that is, scientific researches, the medical sector lacks the resources required, for funding allocated to the Hospital Authority can hardly reach the medical sector. Some medical

practitioners propose allocating funding to the Hong Kong Academy of Medicine instead. Without adequate investment on software and hardware in respect of medical care and medical science, the standard of medical care in Hong Kong has not been ungraded, which will be surpassed by neighbouring countries like Thailand or Singapore at anytime. The Government lacks planning regarding the demand and supply of medical services. It has not planned and given thorough consideration in terms of hardware and software, nor has it considered the manpower of medical practitioners and nurses, the methods to enhance their professional standard and specialist development, before developing the medical services industry. The case of CHONG Fung-yuen in particular has prompted a large number of Mainlanders to give birth in Hong Kong, which has resulted in the imbalance in supply and demand in obstetric service, as well as the loss of balance in supply and demand in other social services in the longer term. If the situation is allowed to run its course, I think the medical services industry will definitely develop into a "disaster industry".

Another item which I am extremely disappointed is the education services industry introduced by the Government. First, I consider it inappropriate to develop education into a commercial means for making money. Second, before Hong Kong strives for being an education hub, the authorities should indeed enhance the quality and quantity of local education, both in basic education and university education. As for basic education, employers who employ local graduates will be aware of a serious problem with local graduates at present, that is, their deteriorating proficiency in Chinese and English. Members may have noticed that even the Hong Kong Institute of Education is using international English examinations to assess the standard of their graduates, and students are allowed to graduate though they fail to reach the standard. It is true that several universities in Hong Kong, as well as several business and management programmes, are awarded with high rankings, yet how about the quality and quantity of education of other subjects, are they outstanding too?*(The buzzer sounded)*

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

DR SAMSON TAM (in Cantonese): Deputy President, in the Budget announced by the Financial Secretary this year, the Government has pointed out unequivocally that the important task of the SAR Government is to maintain

Hong Kong's continuous economic growth and maintain a healthy financial status. In this connection, promising achievements have been made as reflected by the figures contained in the Budget. The per capita Gross Domestic Product (GDP) has increased to US\$34,200, whereas the unemployment rate has reduced continuously to 3.3% recently. Is the picture really as rosy as presented by the figures?

Had the Financial Secretary browsed the Internet more frequently, consult the netizens and read the views posted on the Internet, he would be aware of the public views and sentiments. They really think that the economic growth has not brought them much hope. We learn from the Internet that many members of the public are worried and discontented. For instance, society in general considers that there is the problem of disparity between the rich and the poor. This is particularly so for wage earners, for they have to bear the pressure from increasing rentals and property prices. No matter how hard they work, how much efforts they make or how much they get from a pay rise, they will only be slaves of mortgage loans.

For operators of small and medium enterprises (SMEs), they should have been able to benefit from the buoyant economy, yet many SME operators tell me that they are facing economic restructuring for Hong Kong no longer enjoyed an edge as it did in the past where profits could be made merely through import and export trade. Now, in the face of economic restructuring and the uncertainties of the global economy, they do not see a way out for their future. Will they lose their confidence for this reason? In a city lacking continuous growth of SMEs, I think its economy will be worrying. Hence, I hope the Financial Secretary will be committed to providing more favourable business environment for SMEs in Hong Kong.

To provide SMEs with more favourable business environment and to enable SMEs to make economic growth, I believe the Government will agree that Hong Kong must pursue diversification. This is particularly so for the six new industries where Hong Kong enjoys clear advantages, including the innovation and technology industry which I have all along urged the Government to make enhancements. Hence, I will focus on talking about three issues in my speech today.

In the Budget this year, there are eight paragraphs on innovation and technology, more than those in the past, and I am glad with this. In the 140th paragraph, the Government mentioned that the Hong Kong Science Park Phase 3 development, costing a total investment of \$4.9 billion, had commenced. It is said that the area of the Science Park will be increased by 50% to provide a world-class research base. In my view, it is definitely desirable, for I have enterprises established in the Science Park and I am one of the beneficiaries. However, I think we need more than world-class infrastructure if we want the Science Park to have good achievements, for the outlook and quality of the Hong Kong Science Park at present is basically the best or second best in the region and the world.

However, I hope that the world-class Science Park is more than an infrastructure facility, which should indeed be measured from two aspects. What are these two aspects? First, it is my wish that world-class enterprises will set up their offices in the Science Park. A few years ago, it was delightful to learn that DuPont, a worldwide large-scale company in science and technology, would set up offices in the Science Park. However, in the past couple of years, I have not learnt of such good news. What is the problem? Is it because the software infrastructure in the Hong Kong Science Park or the policies adopted in Hong Kong have lost their attractiveness that these world-class enterprises no longer want to set up their offices in Hong Kong?

I hope that the Government will reflect on this seriously and introduce more proactive measures to attract science and technology enterprises to invest in Hong Kong. I believe that with the presence of first-class enterprises in Hong Kong, more first-class talents will be nurtured. It is said that upon the completion of the Phase 3 development, 4 000 scientific research-related jobs will be created. I hope that among these 4 000 job opportunities, more of them will be brought by first-class enterprises to Hong Kong, so that engineering graduates in Hong Kong may get their dream jobs in those enterprises and they may be trained to be outstanding talents in science and technology. Hence, the problem at issue is how to attract science and technology enterprises to come to Hong Kong. I hope the Government will put in more efforts in this respect.

The second aspect is about the definition for "first-class". I hope that the Hong Kong Science Park will become a world-class paradise for entrepreneurs. To date, 120 incubated companies are operating under the Hong Kong Science

and Technology Parks Corporation (HKSTPC) each year, and about one third of these incubatees will graduate each year. In other words, there should be 30 companies developing healthily each year. However, according to the figures, not many of the 30 graduated companies can develop well. What are the problems? I very much believe that the problems lie in the lack of "angels" — funds — and "risk funds" to accompany these companies during their development. What is the role of the Government in this respect? According to the reference I have drawn from neighbouring regions like Taiwan, I notice that seed funds have been set up for venture capital since 1983, which means the first sum is paid by the Government. In the case of Taiwan, the Government had only allocated about TWD 200 million for the setting up of seed funds at the time. In 20 years, the fund continues to grow, and the total investments amount to over TWD 55 billion at present, which means that the amount of funds invested by the community is already 270 times of the amount contributed by the Government.

In December 2009, there were about 174 venture capital companies investing in some 3 000 to 4 000 science and technology companies. Rightly because of this, science and technology enterprises in Taiwan can obtain adequate capital for development, which has in turn enabled Taiwan to be developed into the best or second best base for scientific research worldwide. Hence, I propose the Financial Secretary to prescribe the right remedy by supporting more scientific research funds to attract these venture capital companies to come to Hong Kong. The Hong Kong Science Park should be more than a first-class base. There should also be first-class enterprises and the favourable conditions for first-class talents to start up their business. We all want to see these targets being met.

In the 142nd paragraph in the Budget, the Government put forth measures for the vigorous promotion of the data centres, which include reserving 2 hectares of land in Tseung Kwan O for this specific purpose and exempting the waiver fees for using certain floors of eligible industrial buildings as data centres. I think the sector will welcome all these measures. However, in my view, the allocation of land is merely the first step. With the availability of land and the setting up more data centres, the benefits will eventually be transferred to SMEs and result in the creation of jobs. The development of sound data centres is not only about the provision of a place, but how to turn these centres to attract more users and providers, so as to benefit SMEs and assist SMEs to cope with the

restructuring. How can the authorities achieve these targets? This is an imminent issue which should brook no delay.

Deputy President, I have recently learnt of a good example, that is, a leading telecommunications company in the Mainland, the China Mobile, has set up its headquarters in Hong Kong. It is learnt that the company plans to establish in Tseung Kwan O, and develop into an international base in Hong Kong. I strongly believe that if more leading companies from the Mainland come to Hong Kong, it will drive and support SMEs in Hong Kong in entering the Mainland market. Given the capital and capacity of SMEs, they may not be able to enter the Mainland market, but it will be easier for their products and services to reach the Mainland through the Internet platform. Take mobile phones, personal digital devices (PDA) or smart phones as an example. These devices are most popular nowadays, and every one has one of these devices. Most of Hong Kong software companies in the Mainland are compiling tens of thousands of software applications for these devices. Hong Kong enterprises are good at flexibility, swiftness and good market sense, so they are most prepared to enter the Mainland market in providing online games, animations or e-books. Hence, I hope the Government will develop data centres into a channel or a platform for Hong Kong enterprises entering the Mainland market to sell their products and services to billions of consumers on the Mainland.

At the same time, I think the Government should further enhance the measures for promoting data centres, so as to upgrade the industry to cloud terminal industry, for cloud terminal is now the prevailing trend. It is a major development point in the future telecommunications industry around the world. Take the Apple Inc, a company familiar to all, as an example. It has developed on a grand scale in cloud computing. Certainly, the Mainland market may not open all cloud services to international companies, so it is definitely the opportune time for Hong Kong to get appropriate involvement. However, according to my understanding, the Central Authorities have specified five cities, including Beijing, Shanghai, Shenzhen, Hangzhou and Wuxi as the five pilot cities for cloud terminals. Unfortunately, Hong Kong has not yet been included. I hope the SAR Government will not treat this lightly, for if we fail to be included as pilot points, we will soon be marginalized. This is definitely undesirable. Hence, I urge the SAR Government to take proactive actions via the CEPA to strive for the international cloud status for Hong Kong in the Mainland.

Perhaps, the Government may ask what is meant by international cloud. If Members are familiar with Mainland policies, they would know that the Mainland urges its enterprises to go global to do business overseas. However, for Mainland enterprises doing business overseas, particularly those engaging in network business, they may not feel secure to set up their computing centres or cloud terminals overseas, say in the United States and Europe. Instead of setting up such centres in the United States or Singapore, they may set up their centres in Hong Kong. Hence, I have been encouraging Mainland enterprises to come to Hong Kong and use Hong Kong as the cloud base. If the Government will support Hong Kong to pursue the "5+1" arrangement, Hong Kong will become the cloud base of China. Subsequently, cloud industry can be developed in Hong Kong and more SMEs in Hong Kong will benefit in the Mainland.

Deputy President, according to our experience, we generally believe that in the development of science, technology and innovation in Hong Kong, SMEs have an important role. In the 144th and 145th paragraphs of the Budget, we learn the good news that the Government will increase the cash rebate under the relevant schemes from 10% to 30%. I think this should be the highest level of cash rebate in the world. How can these increases be turned into effective impetus? I think the Government should grasp the timing for resource investment more effectively in this respect.

Recently, a group of small enterprises engaging in innovation and technology business in Hong Kong has formed a group under the name of Hong Kong Innovative Technology Preferred. The difficulty faced by these enterprises is not the lack of funds for scientific researches, for the Government has provided support in some measure, but the lack of a sound local market to absorb the fruits of their scientific researches. Hence, at the meeting of the Panel on Commerce and Industry held yesterday, I asked the Government whether it would give priority to products and services offered by scientific research enterprises of Hong Kong when it formulated its procurement policy. However, the Administration, the Innovation and Technology Commission in particular, pointed out in response that Hong Kong had joined the World Trade Organization and signed to become its member, so it would be difficult to give priority to local scientific research enterprises in its procurement policy. However, though it is difficult, it does not mean that the Government can do nothing about it. I know many countries or regions have resorted to some indirect means to enable their governments to give priority to products of local

scientific research enterprises in procurement. Hence, I hope the Government will think about the indirect means enabling the Hong Kong Government to use these products of scientific researches. More so, the Government should recommend these products to Guangdong province. I believe if this can be achieved and if a good milieu for scientific research is established, as in the case of the favourable milieu in Silicon Valley in the United States, more investment will be attracted to Hong Kong to make it a base for entrepreneurship in science and technology.

Deputy President, to promote innovation and technology via economic restructuring for entering the new economy, I think the SAR Government must put in place a sound framework, good supporting team and sufficient resources. Hence, in July last year, I moved a motion in the Legislative Council on studying the establishment of an innovation and technology bureau, which had won the support of Members across the political spectrum. Members in the pan-democratic camp and the pro-establishment camp all supported that Hong Kong should study the establishment of such a bureau. Hence, I hope that the new Chief Executive and the Financial Secretary will properly implement the proposal of establishing an innovation and technology bureau to lead Hong Kong to head towards diversified economic development, so that SMEs and young people may capitalize on the increasing opportunities.

Deputy President, I so submit.

MRS SOPHIE LEUNG (in Cantonese): Deputy President, this is the last Budget prepared by the current-term Government. I would like to discuss my views about the mindsets of the Government in the usage of funding.

What kind of Hong Kong do we need? We should think about this question from time to time. When compared with other places around the world, Hong Kong has won great admiration in terms of its current financial status. In the past 15 years, Hong Kong had suffered repeated blows from the external economy, including the Asian financial crisis in 1997 and the global financial tsunami in 2008. After all these storms and difficult times, the United States and European countries have suffered severely from national debts, but Hong Kong still has huge financial resource. When advanced countries are at their wit's end to their unemployment problem, Hong Kong has achieved almost

full employment. These achievements are worthy of recognition. At present, the international finance is in a deadlock. The fiscal deficits and debt crisis of various European countries and the United States are ticking the time bomb for another round of global economic crisis. Hong Kong must maintain its financial prudence in some measure to prepare for the rainy days.

However, this is not a reason for the Government to be conservative and non-innovative, for the Government should be concerned about the needs of the public. In recent years, the economy as a whole has grown remarkably. Many one-off relief measures have been introduced and the amount spent by the Government on people's livelihood has been the highest over the years. However, in view of a widening wealth gap, as well as the unbalanced distribution of wealth and poor governance, Hong Kong has become a place where the public are living in conflicts and discontent. It is true that Hong Kong is facing many problems at present. Despite the increasing expenditure on housing, medical services, education and so on, we are still plagued with problems. Many people fail to be allocated with public rental housing flats, many cannot afford to buy their own homes and residents of sub-divided units are overwhelmed by hopelessness. Moreover, public hospitals are always fully occupied and in the field of education, the dispute is still centered on the provision of 15-year free education instead of the enhancement of the quality of students. Recently, the Government has been seriously inflicted by the "doubly non-permanent resident pregnant women" issue. All these problems involve the allocation of an enormous amount of resources. Apart from finding solutions to these problems, the Government should create favourable conditions for the long-term development of Hong Kong, such as enhancing the population policy to ensure that the elderly are taken care of and their abilities can be well utilized. It should also capitalize on the strengths of flexibility of Hong Kong people to bring vitality to Hong Kong. In the face of the dozens of problems and policies, Hong Kong rightly needs a governing team with high efficiency to think thoroughly about these problems and lead Hong Kong to move in a new direction.

Unfortunately, at present, in the eyes of the public, the Government is divided and lacked of vision, and very often stopgap measures are implemented merely for the sake of ending disputes. From the budgets proposed in the past few years, we can learn the mindset of the Government in public resource allocation. It has either attempted to address the problems with one-off relief measures or it has been tight-fisted about the fiscal surpluses, refusing to make

any long-term investments. It has neither stood firm in good causes nor heeded the views to make improvement. It has failed to make the right move at the right time. It lacks confidence and falls short of public expectation. The Government must adopt a new mindset in the allocation of public finance resources, so that Hong Kong will be developed into a place to meet the needs of the times and the expectation of the public. Certainly, the Government may say that it has already accepted the suggestions of many political groups. However, in the present situation in Hong Kong, may we ask to what extent is the mindset of these political groups more extensive than that of the Government?

During the early times of Mrs Margaret THATCHER's tenure as the Prime Minister of the United Kingdom, she had to face the various difficulties plaguing the United Kingdom. In order to revitalize the economy of the country, she reduced the interference of the Government on economic activities through the privatization of national entities and the removal of various hurdles and restrictions, creating tremendous room for society and providing powerful impetus for the economy. Indeed, if the authorities want to develop Hong Kong into a fully vitalized place, it only needs to offer opportunities in various aspects, so that the public may bring their strengths to full play.

Take social assistance as an example. In terms of services and funding provision, the Government has to think of ways to enable organizations to stop relying on the subsidies of the Government and encourage recipients to achieve self-enhancement. As in the case of the \$900 million under the Lotteries Fund allocated for the improvement of facilities and services of elderly community centres, the Government may change its mindset by introducing marketing incentives to create room and provide impetus for residential care homes to enhance their services out of their own accord.

The microfinance scheme offers loans to people who want to start their own business. In encouraging people to start up business, apart from offering loans, the authorities should promote the development of entrepreneurship and the spirit of starting up new business. These entrepreneurs who have established their own business with their own efforts should be commended, so as to create the atmosphere of and room for starting up businesses with one's own effort in society. Apart from using money to alleviate the plight of the public, the Government should focus on assisting them to pursue self-reliance instead of receiving assistance and bringing their vitality to full play.

Creativity and innovative technology are the cornerstones of industrial development. Creativity requires enormous space, and bigger space will naturally mean greater vitality. The Hong Kong Design Year is a very good concept. Yet, may we ask how many people in Hong Kong know about the Hong Kong Design Year. The promotion and advertising strategies adopted by the authorities are too out-dated. The regular night design bazaar held in Taipei some time ago had enabled the full participation of the public and attracted overseas visitors. Hong Kong has been lagging far behind in this respect. Many problems cannot be solved merely by spending more money, greater efforts are required to make achievements. The Government should not only put forth the outlines without the measures, it should not only provide subsidy without offering room for development. It should formulate an overall development plan and provide room and support for development, so as to enable the sector to bring their strengths to full play freely and to facilitate the development of the industry.

Deputy President, in respect of sports development, the Government may create room for development through education and venue development, which will encourage free development. As stated in the Budget, funds will be injected into the Arts and Sport Development Fund, yet I hope that the authorities will render more support to the development of team sports. Team sports, particularly basketball, football and baseball and so on, require individual skills as well as strategy application, co-operation and mutual understanding among team members, which may be a means to enhance the solidarity of the community. The Budget also mentions a new course modelled on the Project Yi Jin will be introduced. The authorities may consider including more courses on team sport coaching under the new course, which will provide room for nurturing the next generation in participating in team sports in the community. Moreover, other supportive measures should be implemented. For instance, measures should be introduced to combat speculation activities on venue booking, assist local ball-game teams in renting venues and implement the proposal on establishing a football training centre at Tseung Kwan O as soon as possible. The Government needs to introduce a host of inter-supportive measures to provide room for sports development, with a view to enhancing the vitality of society through sports.

When there is room, there is vitality. The Government should grasp every opportunity to create room for development. The revitalization of industrial buildings is a good example. The original purposes of the revitalization of industrial buildings are to release the space therein and encourage industrial restructuring. Since industrial buildings are located mainly in a few districts in Hong Kong, the Government should formulate plans on the overall usage of the industrial buildings in a district as a whole. It should formulate appropriate plans to state clearly the development purpose of the entire district and how the revitalization of industrial buildings in the district may tie in with the plan. This approach will provide room for persons concerned to develop freely and promote industrialization.

Deputy President, when Hong Kong is full of vitality, Hong Kong will become competitive. One of the commendable points in the Budget is that it has included the blueprint of China in considering the planning of Hong Kong. It is mentioned in the Budget that the Government will assist Hong Kong enterprises to upgrade and restructure, develop brands and expand sales in the Mainland, as well as actively complement the accelerated implementation of the policy of encouraging Mainland enterprises to go global. I think the Government must analyse thoroughly the positioning of Hong Kong enterprises at present where the co-operation with the Mainland has been increasingly frequent, so as to rise to the challenge of the 21st century. Also, it should provide proper support to the trade, such as providing assistance to enterprises for upgrading and restructuring, or taking the lead to enable Hong Kong enterprises to enter into partnership with Mainland enterprises, so that they will create new brands with joint efforts and "go global" together.

Deputy President, hotch potch policies can in no way create a vitalized Hong Kong. The public need room and freedom for development and a vitalized Hong Kong. The helmsman of Hong Kong should guide the future direction of society. A leader should influence society to go forward with visions, his or her visions should not be confined to individual policy areas, and he or she should focus on the overall social condition and the needs of future development, so as to prescribe the right remedies. In managing the distribution of public resources, the Financial Secretary has to ensure the effective use of public resources in respond to the call for fair distribution of resources from all strata of society. He should address the present needs on the one hand and

create room and lay the foundation for future development on the other. Be it the first or the last Budget, this principle should be upheld, which should also be the target to be achieved by any term of Government.

Deputy President, I so submit.

MR ALAN LEONG (in Cantonese): Deputy President, Financial Secretary John TSANG has responded to some of the aspirations of the middle class and small and medium enterprises (SMEs) in his farewell Budget. It seems that he finally tries to make things right.

The middle class always have more responsibilities than rights. Year after year, they pay taxes but do not benefit much from the housing, healthcare and social welfare policies. They do not live in subsidized housing, and when they fall sick, they go to private doctors. Their children also tend to study in Direct Subsidy Scheme schools or international schools. In the last few budgets, their welfare had often been overlooked. Yet, in this year's Budget, the Financial Secretary has made a welcoming move, that is, he has adopted some of the 10 proposals made by the Civic Party in respect of tax relief. For example, the basic allowance and the married person's allowance have been raised to \$120,000 and \$240,000 respectively; the single parent allowance has been increased to \$120,000; the allowances for maintaining a dependent parent/grandparent, dependent brother/sister, child or a disable dependent have been increased; and the entitlement period for the tax deduction for home loan interest has been extended. There are also some measures to support SMEs.

Unfortunately, in respect of social welfare initiatives, the Financial Secretary has not learned a lesson and continues to neglect the needs of the "N-nothings". The Civic Party is hence very disappointed. Now, I am going to illustrate from different aspects how the Government has overlooked the grassroots and the "N-nothings".

Deputy President, soon after the delivery of this year's Budget, I heard a single mother telling her story in tears in a phone-in radio programme. She said that she wanted to be self-reliant instead of living on the Comprehensive Social Security Assistance (CSSA). She therefore went out to work and took care of her children at the same time. With a monthly income of around \$8,000 to

\$9,000, she was unable to make ends meet for both herself and her children; she thus sought advice from a social worker who told her that there was nothing the Government could do to help her under its existing policies unless she quitted her job and applied for CSSA. This woman pointed out that there were actually many similar cases in society. For these non-CSSA recipients who are waiting for the allocation of public rental housing (PRH) flats, they can neither benefit from the PRH rent waiver nor the provision of an extra one-month CSSA allowance. Worse still, they may not even receive the electricity subsidy because many of them live in "sub-divided units". They are the "N-nothings" in society, but no relief measures have been introduced for them in each year's budgets.

Deputy President, at present, the elderly have to wait three to four years to get a place in residential care homes for the elderly or nursing homes. More than 5 000 elders died each year while they were still waiting for their turn. For people with disabilities, they also have to wait three to four years for a place in residential care homes or long stay care homes. A mentally-handicapped person will even have to wait six years or above to get into a hostel. Deputy President, all these happen against the background that the Financial Secretary has a fiscal surplus of hundreds of billions of dollars. Does he dare to tell 7 million Hong Kong people that he has done his best? Does he dare to tell Hong Kong people that he has not let us down? At present, people who benefit from the real estate hegemony live extravagantly and the Government is still afraid that their profits are not high enough. Yet, elders can hardly get a place in elderly homes to spend their twilight years after a lifetime of hard toil. Deputy President, is there any justice in this society?

Due to the Government's inhumane, unplanned and inflexible welfare policies, the grassroots live a miserable life. These people have once contributed to the development of Hong Kong, but now even if they are willing to work hard to earn a living, they are not given the chance. Has Hong Kong treated them fairly?

The Civic Party has been strongly advocating for a standing and well-developed welfare plan to help the grassroots to become self-reliant. As the Government has often failed to implement its welfare plan effectively, relief measures proposed in the budgets are vital for the grassroots. While the Government has proposed measures like the provision of rent subsidy to PRH tenants and an extra one-month allowance to CSSA and Old Age Allowance

recipients, it merely provides further assistance to those who are already in the safety net. It has missed out those who are most in need of help but have not yet received any assistance from the Government. In the words of the Government, the "N-nothings" are fishes which are not caught by the Government's social welfare net. Owing to inadequacies in various policies, people in pressing need have been excluded from the Budget. It is unfair to them.

In view of this, the Civic Party suggests that the Government should set up a database for the "N-nothings" as soon as possible. It should consult the public, the Legislative Council and concern groups on the eligibility of the "N-nothings", such as people waiting for PRH and who are not flat owners, salary taxpayers or CSSA recipients. Eligible persons may take the initiative to make a declaration to the Government, and upon vetting to ensure the accuracy of their information, they will be admitted to the database. With the establishment of this database, the Government will introduce relief measures to offer specific help to the "N-nothings".

Yet, in this year's Budget, there is not a single word on establishing a scheme to help the "N-nothings". I had put forward this proposal many times at the special meetings of the Finance Committee and the meetings of other relevant Panels. Nevertheless, the Government has not given any response. Last Thursday, Chief Secretary Stephen LAM suddenly announced that the Community Care Fund (CCF) would grant a one-off rental subsidy of \$1,800 to each member of the "N-nothing" households who live in bedspace apartments, cubicle apartments or "sub-divided units", on the condition that they are not CSSA recipients.

It is learnt that the "N-nothing" households may take the initiative to register with the CCF for this subsidy. This approach is somewhat similar to the above suggestion of the Civic Party. However, the details of this scheme are unknown. Even the CCF members who have all along strived to help the "N-nothings" said that they did not know anything about this proposal and had not even heard of it. I am not sure whether Secretary Stephen LAM's act is to cool down criticisms against the Budget or increase his political capital for securing a seat in the next government. Yet, no matter what his intention is, he is not sincere because he has bypassed the CCF members in announcing this proposal. He has deprived them of the chance to express their views and review if this proposal is appropriate.

Now, I would like to talk about another issue, which is travelling expenses. Deputy President, to low-income families, travelling expenses take up at least 10% or 15% of their expenditure, which is a great burden to them. However, the Government still refuses to adopt a dual-track approach for the provision of transport subsidies. What is more, the Government has not improved the Work Incentive Transport Subsidy (WITS) Scheme, under which the administrative cost constitutes 40% of its total expenditure.

Secretary Matthew CHEUNG is in the Chamber now. Previously, when he spoke on the WITS Scheme, he said that he shared the urgent concerns of the public. Yet, I think the reason for him to have slightly increased the income limit for the WITS was that the minimum wage had been enforced. It seems that the Secretary still does not know the main reason for the extremely low application rate and the needs of the people. The WITS Scheme should have been implemented on an individual basis, but its means test is now compulsorily conducted on a household basis. Two different policy thresholds have been mixed up.

Travelling expenses commuting to and from work are personal expenditure. If applicants are required to provide proofs of their household income and assets, it will seriously deviate from the original policy intent of providing work incentive. If an application submitted by a person is going to involve his/her entire family, this approach will certainly put pressure on the family concerned. Even though the Secretary has already increased the income limit, many people in need are still ineligible to seek assistance from the Government because the threshold for application is imposed on a household basis. The Secretary will only be regarded as sharing the urgent concerns of the public if he adopts the dual-track approach to allow applications to be made on individual basis. By doing so, he will be extending the support net to cover more people in need.

In order to grant the WITS, the Government has specially set up the Work Incentive Transport Subsidy Division, which has a large establishment of 198 civil servants and 100 non-civil service contract staffs. A sum of \$42.1 million has been provided for its staff costs in the year of 2011-2012. Yet, this Division has only processed some 20 000 applications so far. Among these applications, about 14 000 of them are successful but the subsidies so granted only amount to \$52.9 million. In contrast, the provision for its staff costs will increase to

\$77.5 million in the year 2012-2013. Given that the response to the WITS is lukewarm, has the Government reviewed its staffing arrangement and adjusted its administrative cost accordingly to ensure an optimization of resources? The amount of administrative cost should not be greater than the subsidies granted.

Deputy President, the Panel on Manpower had invited 35 deputations to express their views on the WITS at its meeting held on the date when the Secretary announced the relaxation of the means test. All the deputations had strongly requested the implementation of the dual-track approach. Unfortunately, after listening to these views for two hours, the Secretary remained unmoved and held on to his own view.

With a surplus of hundreds of billions of dollars in hand, the Government still refuses to support and take care of people in need by imposing more lenient criteria. In addition, it adopts delaying tactics and responds coolly to the people's call for changing the approach of the WITS. The Civic Party is deeply disappointed and urges the Government to conduct a comprehensive review immediately so as to respond to the people's call.

If the housing problem can be solved, the grassroots will no longer have to pay high rent. Their living standard can then be greatly improved. Therefore, the Civic Party has all along suggested an annual production of 30 000 PRH units. This will allow the Government to meet its pledge of maintaining the average waiting time of PRH at three years. However, the Budget has only restated that there will be an annual average production of 15 000 PRH units. The grassroots who are living in "subdivided units" and paying high rent will have to keep waiting. Indeed, apart from increasing the PRH production, the Government can take another stopgap measure, that is, providing applicants on the Waiting List for three years or above with a rent subsidy or a tax allowance for renting private flats before they are allocated with PRH units. Nevertheless, the Government has not listened to public views and turned down these two proposals.

Deputy President, the implementation of a universal retirement protection scheme is not making any progress as well. John TSANG has come to office for five years; he has also wasted five golden years to kick start the retirement protection scheme. We have stated many times that, if the protection scheme is

introduced after the dependency ratio has increased, the Government and the entire society will have to bear an even greater burden for the scheme to give the same effect.

The Civic Party believes that when the problem of ageing population aggravates in a decade or so, when our workforce in the next generation have to contribute more of their hard-earned money and when the Government has to spend an astronomical sum of public money to support the elderly, people will ask, "Why did we not prepare for today's situation if it was expected long ago? Why did we not build our savings earlier when we were rich and capable to do so?" By then, I will answer, "The responsibility lies on the current government which has dragged on this issue repeatedly; the responsibility lies on the current government which is unwilling to make any commitment to the future." Deputy President, if the Financial Secretary does not want to leave a bad name in history for "being unwilling to make any commitment to the future", I would suggest him giving a serious thought to providing \$50 billion for universal retirement protection before his term ends. This will allow the next-term government to launch this scheme at anytime.

Regarding the three amendments proposed by the Civic Party to this year's Budget, including reducing the salaries of the Financial Secretary and the Chief Executive for the remaining three months in their terms of office, we will explain them in detail during the debate held on 28 March. If the Government wants to get the support of the Civic Party, it must do something to provide relief measures to the "N-nothings" and adopt the dual-track approach for the WITS. Otherwise, the Civic Party is unlikely to support this Budget.

Deputy President, I so submit.

DR PAN PEY-CHYOU (in Cantonese): Deputy President, first of all, I wish to ask colleagues to put aside their status as a Hongkonger for a while and look at the present situation of Hong Kong from the perspective of an outsider.

On the surface, the overall economic situation of Hong Kong looks pretty good now. The economy of Hong Kong has experienced a robust development after its quick escape from the financial tsunami in mid-2009. In 2011, the annual GDP recorded a growth of 5%. The current unemployment rate of Hong

Kong is extremely low, standing at 3.4% from December last year to February this year, representing almost full employment. The Government has a huge surplus, with a consolidated surplus of HK\$66.7 billion last year; the economic competitiveness of Hong Kong ranks among the top; we have an independent judiciary system, and members of the public enjoy total freedom of speech; Hong Kong has a clean and efficient team of civil servants, and it is a very safe city; the democratic development sees a stable progress, with dual universal suffrage set to be implemented. Hong Kong is vibrant and thriving. So, Hong Kong people should be very happy.

However, the fact is that Hong Kong people are not happy. When I walk along the streets, I find many familiar shops catering for people's daily needs and eateries gone. In the past two years, rents have soared multiple-fold. Operators have winded up their business one after another as they cannot afford rental hikes. Shops have been replaced by international brand name stores, gold shops, watch shops, cosmetics shops and drug stores where Mainland big-spenders throw away money like water and make a clean sweep of all the products. Local residents may feel inferior even when they just pass the clusters of brand name stores. When we go to The Link shopping malls in the public housing estates, we find them refurbished in style. However, after the refurbishment, the rents have increased substantially. The Link has driven away small businesses and budget shops, and instead welcomed relatively high-end and chain stores. In just a matter of two years, this city has turned into such a strange place that it seems the place no longer belongs to us. Prices have skyrocketed. Grocery shopping becomes a big headache of housewives. What can they buy? Everything is so expensive. The incomes of wage earners have melted like ice-cream. It is true that they get pay rise, but the rate of increase always cannot catch up with inflation. In a year's time, the price of a dish of rice in local cafes has gone up from \$20-odd to \$30, and then to \$40. Besides, public utilities, such as transport fees and electricity tariffs have also seen a rise. The only thing wage earners can do is to save as far as possible. In face of increases in rent and cost, small business operators dare not mark up prices for fear that customers will be driven away. When business is good, they work "like a dog". However, the rent accounts for 30% to 40% of their income. So, they can just make ends meet despite their hard labour.

Our heart aches even more when we look at our next generation. If they do not strive to make progress, we can only let it go at that. However, even if

they are willing to improve themselves, study hard and graduate from universities, what is the use of it? With a monthly salary of less than \$10,000, how much will be left after deducting their various expenses, such as loan repayment, payment for some household expenses, transport fees to and from work, meals, and so on? How much will be left for further studies? How much can they save for purchasing a flat and getting married? The salaries of wage earners are climbing up like a snail while the prices of property are jumping up like a kangaroo. Young people can hardly afford their own properties. In the past, property prices experienced rise and fall. However, in recent years, property prices have kept going up with no signs of any drops. Mainlanders have gone after Hong Kong properties in a swarm, rushing to buy them all at once. As the demand for residential units exceeds the supply, prices have been driven up perpendicularly. The Government has remained indifferent to the property price hike and taken no actions at all. In face of this situation, we common people are in a desperate state. Some parents are ready to take the risk and use all their savings to pay the down payments for their children. It so happens that they run into unscrupulous property developers. By much plotting and scheming, the efficiency ratio of the completed units is extremely low; the floor plan is so irregular that it is impossible to place any furniture; only one lift is available for a 30- to 40-storey building; those sales brochures even beat surveyors. Buyers are extremely distressed when they learn that they cannot live in the unit they bought.

(THE PRESIDENT resumed the Chair)

The Government has told grass-roots families waiting for public rental housing (PRH) that they can be allocated a flat in three years' time. This only happens in the science fiction. The reality is that the Waiting List is getting longer and longer, and so is the waiting time. They actually have to wait "N years". Sub-divided units and "coffin-sized" units are even found in industrial districts. This is an emerging business flourishing in Hong Kong. To young people who do not have PRH flats but wish to lead a relatively independent life, this is their only option. They are well aware of the risk of living in such places, but they have no other alternatives.

Healthcare is another great concern of the public. Additional resources have been allocated to the public healthcare sector year after year. However, we do not know why the waiting time for such services is getting longer and longer. Healthcare personnel have been flowing to the private sector, resulting in public hospitals being on the brink of "getting burst". "Doubly non-permanent resident pregnant women" have flooded to Hong Kong to give birth, competing with local pregnant women for obstetric services and maternal and child health services; some of those "doubly non-permanent resident pregnant women" have rushed to emergency wards, making a direct impact on the service and operation of the Accident and Emergency department; babies born to non-resident parents are gradually growing up, posing a potential trouble to the long-term public services of Hong Kong. Therefore, Hong Kong people are not happy at all.

In this Budget, the Government has provided various concessionary measures, such as waiving rates for the whole year, subject to a ceiling of \$2,500; reducing salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$12,000; granting a subsidy of \$1,800 for electricity tariffs; raising the basic tax allowance to \$120,000 and married person's tax allowance to \$240,000; increasing the tax allowance for maintaining a parent, grandparent and child; extending the period for the tax reduction for home loan interest to 15 years; and increasing the tax deduction for mandatory contributions to the Mandatory Provident Fund to \$15,000. We cannot but admit that these measures of the Government are generous.

The middle class benefits most from these measures. But the main concerns of the middle class have remained unresolved. So, despite the provision of these benefits and concessions, they are hardly happy. In fact, the middle class does not need extra concessions as the tax rates of Hong Kong are quite low. What the middle class needs are far-sighted policies of the Government, which can anticipate problems, make proactive preparation and provide timely solution, rather than react passively to provide stopgap measures only. Take the Individual Visit Scheme as an example. When the Scheme has gradually gained momentum, has the Government conducted an internal review to assess comprehensively the impacts of Mainland consumers on the local economy and people's livelihood? Has the Government examined thoroughly ways to deal with the huge demand of Mainland consumers in order to protect the livelihood of local residents? Has the Government carefully regulated and controlled the rate of integration between the two places in order to avoid

excessive and unbearable impacts? Regrettably, it seems that the Government is only concerned about how to strive for more Mainlanders coming to Hong Kong; how to make more money from them; and how to do more business, and has totally ignored other issues. Inevitably, the outcome is that big bosses and big estate developers make a big fortune; wage earners have to work incessantly like a machine; and members of the public suffer from the various side effects resulting from the opening up at a hasty pace and excessive demand.

Subsidized housing is another example. Every day, 150 one-way permit holders arrive in Hong Kong to reside here permanently. The growth of the population can then be predicted. Sufficient PRH flats are required to meet the needs of the grassroots. The Tenants Purchase Scheme introduced years ago is a very good idea. However, it has reduced the number of PRH flats available for re-allocation. Since the implementation of the "SUEN's nine-point package" by the Government in a bid to save the property market, the construction of Home Ownership Scheme (HOS) flats had come to a complete halt, depriving many better-off PRH tenants of their chance of purchasing HOS flats. Despite the reinstatement of the HOS now, the construction of flats will actually take several years. All this will slow down the circulation of PRH flats. With an increased demand and a slow circulation, the number of people waiting will naturally be on the rise, which implies that the demand can only be met by an increased supply of PRH flats. However, the Government has turned a blind eye to this situation, neither increasing the supply of land nor the allocation of land for PRH. The Government only reacted belatedly after an outbreak of crisis.

The same happens to private residential buildings. At present, as private residential flats of Hong Kong have become a nation-wide investment commodity and their prices have totally departed from the reality of people's livelihood, they have turned into a luxury product beyond the affordability of Hong Kong people. It is suggested that the Government should, through land sales, limit the use of some pieces of land to the construction of units sold to Hong Kong people only, and with a one-person, one-unit restriction. If the unit is later sold to a non-local residents, premium payment is required. However, the Government has always refused to accept similar suggestions on grounds of non-intervention in the market. On housing policies, the Government lacks foresight, just like a person suffering from serious short-sightedness. Its response to problems is slow, like a sloth; and it has stuck to convention and failed to suit measures to the changing circumstances like a stiff mummy!

Of course, we understand that the Government has to take account of various aspects in its governance and deal with many unforeseen circumstances. Sometimes, not every wish of the people can be satisfied. Actually, the Policy Address announced in October last year and this Budget have contained many good measures. Therefore, the Federation of Trade Unions will support the passage of this Budget. However, commodities prices, housing and healthcare are the primary concerns of people's livelihood. Therefore, it is totally reasonable for people to expect the Government to have better planning and more timely measures should be implemented to deal with these issues. The current-term Government will complete its historic mission in three months or so. As members of the public, we can only place our hope on the next-term Government in its determination to solve the livelihood problems which are people's concern.

I so submit.

MR ALBERT CHAN (in Cantonese): President, the unjust system and the unjust Election Committee breed the unjust Government. The unjust Government formulates unjust policies and the unjust Budget. And, the unjust Legislative Council passes unjust financial proposals.

President, speaking of this Budget, as well as the public finance management and position of the Government in the past years, the proposed expenditure in this year's Budget is as high as \$393.7 billion, which is a record high and more than double of the \$194.3 billion in 1997-1998. Since John TSANG assumed office, as at today, the Government has a surplus as high as \$152.4 billion; its income has exceeded the expenditure by more than \$100 billion; and its revenue has increased from \$492.4 billion in 2008-2009 to \$662.1 billion in 2012-2013, which is a considerable boost.

Let us return to this Budget. Many Members and political parties have clearly stated that they object to "cash handouts". However, if we look at the details and financial arrangements in the whole Budget, it is a plain and blatant "cash-handout" Budget because the amount of "cash handouts" is as high as almost \$100 billion. I will talk in detail later about how these \$100 billion will be handed out.

If we take a look at the overall situation of the poor households in Hong Kong at present, President, the picture is rather scary. The number of people earning less than \$2,000 a month has increased from 65 800 in 2001 to 85 394 in 2011. If inflation is taken into account, the value of \$2,000 actually drops substantially, meaning even though people earn the same \$2,000, they face greater hardships. As to the number of people earning \$2,000 to \$4,000 a month, it has gone up from 97 000 in 2001 to more than 129 000 last year, with an increase as high as almost 30%.

On the whole, the poor population has been growing. A survey conducted by the Hong Kong Council of Social Service found that 1.2 million people have been living in poverty. While these people are living in poverty, the Government has a surplus amounting to tens of billions of dollars every year, and a reserve accumulated to more than \$600 billion, which means the Government is a "super rich man". The Government has amassed a fortune in its Treasury, leaving the masses and millions of people living in poverty. Therefore, this is an unscrupulous and shameless way of managing public finance, the prime concern is to reap exorbitant money, totally disregarding people's suffering. Not only does it not care a dime about people's suffering, it even goes so far as to hand out its surplus and reserve, all coming from the public purse, to the rich through transfer of benefits.

Let us return to the "cash-handout" items in this year's Budget, which are too many to count. Regarding the special concessionary measure under the SME Financing Guarantee Scheme, the 80% loan guarantee provided by the Government can be as high as \$80 billion. Some criticize that, to a certain extent, the Government is transferring benefits to banks rather than SMEs. The proposal that transfers benefits and hands out cash through rates costs as high as \$11.7 billion. A concession of \$90 million is given to a single company that entitles the highest rates concession. One single company alone gets a concession of \$90 million. Another eight get a concession of more than \$10 million. Some are granted more than \$10 million and some more than \$20 million. And, the number of companies given a rates concession of \$1 million to \$8 million is as many as 180. It is believed that many of these companies are owned by Donald TSANG's good friends. This is a blatant transfer of benefits through public finance management to directly transfer public money to his good friends.

In addition, the waiving of business registration fees costs as high as \$1.9 billion. And, a special fund of \$1 billion is dedicated for brand development, upgrade and restructure, as well as tapping the Mainland markets. We discussed this issue at a meeting yesterday. It turns out that the relevant details are vague and unclear. While many schemes claim to subsidize SMEs, the actual operation is to enable certain companies that employ no staff in Hong Kong and run their business mainly in the Mainland to get millions of dollars from Hong Kong people at any time. This is not a means to stimulate our economy or help local SMEs, but another way of blatant transfer of benefits.

As to the reduction of profits tax, it also costs as high as \$1.12 billion. The total waiving of the charges for import declarations costs \$750 million. And, the abolishing of capital duty levied on local companies costs almost \$100 million. The above measures cost a total of \$101 billion. These are "cash handouts" and blatant transfer of benefits. All of them involve the waiving of certain fees and charges such as business registration fee. However, all fees and charges paid by the grassroots are not waived. The hawker licence fee is the most obvious example. The hawker licence fee amounts to tens of thousands dollars a year. However, no waiving of such fees is proposed. The annual fee paid by labourers for the operation of machine is not waived as well. In a nutshell, fees and charges paid by ordinary members of the public are not waived, while those paid by consortia, big enterprises, companies owned by relatives and friends of Donald TSANG and high-level officials are waived. Despite their wealth, their companies can, through the so-called special fund or some reduction and remission measures, be exempted from the payment of fees and charges, the amount of which can be as high as \$90 million of rates concession as I mentioned earlier. I believe the total amount of their benefits is a shocking figure. These people are good friends of the top level and the high-level officials of our Government. However, hawker licence fees paid by ordinary members of the public are not waived. I wish you would explain to me: Why can profit-making companies have their profits tax returned, but licence fees paid by either hawkers or frozen confectionary vans cannot be returned? If you say it is not due to small-circle election, it is not transfer of benefits within a small circle, what is it then?

Let us take a look at the difficulties faced by people of Hong Kong at present. Talking about the number of suicides in Hong Kong, there is a twofold increase in 2009 when compared with that in 1991. The number of suicides in

Hong Kong has been on the increase despite a relatively stable figure recorded in two to three years. Regarding the number of suicides in Hong Kong, statistics from the Jockey Club Centre for Suicide Research and Prevention indicated that there were 14 suicides in every 100 000 people in 2010. This figure is higher than those in places such as the United Kingdom, France and the United States. And, the suicide rate of young people aged 15 to 24 has seen an upward trend. Young people have no hope for the future and so their suicide rate is on the rise. The suicide rate has increased from seven suicides in every 100 000 people in 2007 to 13 suicides in every 100 000 people in 2010. The figure has nearly doubled but the Government has turned a blind eye.

The suicide rate of young people sounds an alarm, which shows that young people of Hong Kong The Government always boasts of the amount of funds allocated to youth services, and the amount of funds allocated to tertiary education to enable young people to have an opportunity of upward mobility. Donald TSANG loves to say that education is a means to solve inter-generation poverty, enabling young people to have an opportunity of advancement, and a bigger chance of upward mobility. However, the fact tells you that, the cruel figures tell you that the number of young people committing suicide has more than doubled over the past four to five years, but the Government has turned a blind eye to this situation. Faced with these figures, the Government has made no improvement in housing, no improvement in the living environment of young people, no improvement in problems such as "sub-divided units" and housing faced by young people, and no plan to render them assistance. On the contrary, the Government has, through various policies such as returning fees and charges to companies, profits tax rebates and rates concessions, transferred benefits of \$101 billion from the public purse to strata and consortia with vested interest, to some important persons in the 1 200-strong small-circle election, to their relatives and friends; and to those friends who have entertained Donald TSANG in China, Japan and Thailand by means of water, land and air transport. All this is blatant government-business collusion and transfer of benefits.

President, strangely enough, for this "cash-handout" Budget, many Members in political parties that oppose "cash handouts" have shown their support. Political parties that oppose "cash handouts" include the Democratic Alliance for the Betterment and Progress of Hong Kong, the Federation of Trade Unions, the Democratic Party and the Civic Party. Political parties in the democratic camp and political parties representing trade unions have all opposed

"cash handouts". Some political parties are quite "tricky", saying they do not oppose but just do not support "cash handouts". I asked some representatives of the Federation of Trade Unions about this. They said they did not oppose but just did not support "cash handouts". However, they support this Budget; support tax rebates, support rates concessions, and support handing out hundreds of billions of dollars to tycoons. The "N-nothings", in the end, get nothing at all.

Towards the end of his term, "Eunuch LAM" seemed to find his conscience and has recently announced a distribution of tens of millions of dollars to the "N-nothings" through the Fund. Rates concessions cost \$11.7 billion; the rate concession for one single company alone amounts to \$90 million, but the "N-nothings" get a total of \$50 million only. How many people will receive the money? Apparently, strong public opinion and public indignation have made the Government aware of its ugliness that the "N-nothings" get nothing. So, a small crack is slightly opened to give a little bit of money to the "N-nothings". However, the bias and transfer of benefits in the whole Budget are obvious to all.

If we take a look at the guiding principle of finance management in the whole Budget, we can see that the wealthier one is, the more one gets; and the powerful get the most benefits. The case is very similar to the government policies before the French Revolution. In fact, in the years before the French Revolution, France was at a state of prosperity and economic boom. At the time, aristocrats enjoyed many tax concessions and other privileges because they had power in their hands. The intellectuals and the middle class all enjoyed many privileges. However, the peasants and the poor had to pay taxes. The situation was that the wealthy, the powerful and profit earners did not have to pay taxes. The middle class that had influence or political influence enjoyed hospitality and privileges offered by the government. However, the masses, especially peasants, had to bear the heavy burden. Under the circumstances, the wealth gap naturally got widened.

This is very similar to the case of Hong Kong. At present, the wealth gap in Hong Kong is widening and keeps worsening. This Budget only contributes to the further deterioration of the wealth gap. A famous French academic and writer of French history had pointed out that the French Revolution was not broken out in a poor country but an extremely prosperous country. Poverty sometimes can cause chaos but not great social radical changes. The wealth gap

in Hong Kong and the financial bias in Hong Kong's public policies will definitely spark a radical change in Hong Kong. I am waiting for the early arrival of this day.*(The buzzer sounded)*

MS MIRIAM LAU (in Cantonese): President, the Budget this year is the Financial Secretary's farewell piece of work in the current-term Government. Some members of the public accuse the Financial Secretary of not handing out cash. However, a greater number of people (including the middle class) seem to be more pleased that the Financial Secretary has not carelessly handed out cash this time. Moreover, the Financial Secretary has actually provided some relief measures in response to the sufferings and difficulties of the middle class and small and medium enterprises (SMEs). Despite the inadequate strength of the measures, we still give this Budget a pass mark.

I think the strictest criticism should go to the once again seriously wrong estimates made by the Financial Secretary. The original estimate of a deficit of \$8.5 billion has, strangely and ridiculously, turned into a surplus of \$66.7 billion. However, it is a pity that despite having such a big amount of money, he has not made good use of the fortune — I mean fortune in the money sense — neither has he invested in the future of Hong Kong. The Liberal Party's expectation of the Budget is that the Financial Secretary should make good use of the coffers for investment gain. However, apparently, he has failed to meet this demand of ours.

Admittedly, the Financial Secretary has, in his Budget, heeded sound advice to accept some of the suggestions and relief measures we have proposed to help the middle class and SMEs. However, he still clings on to the mentality of "a small shopkeeper" and holds the purse string, trying by all means to amass a bigger and bigger reserve for the Government.

In fact, Hong Kong enjoys a very strong financial position. For instance, in the five years since the Financial Secretary took office in July 2007, Hong Kong has recorded a total surplus amounting to \$300 billion. And, the Exchange Fund has increased from \$1,274.5 billion when he first took office to \$2,646.3 billion at the end of January this year, representing a more than double increase. As to the fiscal reserve in the same period, it has increased from \$374.1 billion to close to \$700 billion, with a nearly twofold increase.

With such a huge coffer, the disparity between the rich and the poor in Hong Kong should be properly resolved. Even if it cannot be thoroughly tackled, at least can more measures be introduced to help the poor or redress grievances of the middle class and SMEs in Hong Kong? However, although we possess an abundant resource envied by many countries, the Financial Secretary just would not know how to make use of the money to resolve the deep-rooted conflicts in society.

For instance, the Government is well aware that assistance should be given to the middle class this year, and a tax concession of \$12,000 is proposed. However, the Liberal Party has suggested that greater assistance should be given to the middle class by granting them a tax concession of \$20,000. The Government has deliberately discounted the amount by 40% like bargaining over food prices in the market in a mean manner. The Liberal Party has also suggested raising the tax allowance for maintaining a parent from \$36,000 to \$60,000. Although the Government has agreed to it, in the end, the allowance is raised by a mere \$2,000. Moreover, we have also suggested assisting low-income middle-class people by widening the tax band from \$40,000 to \$45,000, and reducing the marginal tax rates from 12% and 17% to 11% and 16%, meaning just a 1% cut. What is the Government's response? In the end, it has ignored these suggestions. Instead, the basic tax allowance is raised from \$108,000 to \$120,000, totally failing to provide assistance to the marginal middle-class people. The Government has claimed that responses have been made in the area of taxation. But such lukewarm measures have rendered no assistance to the middle class at all.

Another thing that makes the middle class especially dissatisfied is that the Government seems to overlook the fact that at present, many middle-class people, particularly young people, cannot afford to buy a property and therefore have to bear exorbitant rents. The Liberal Party suggested the year before last that a tax allowance for rents should be introduced. The same suggestion was brought up during last year's Budget consultation. But the Government still turned a deaf ear. We again brought up this old suggestion this year. Actually, it has attracted quite a lot of discussion and support in the community and also got the approval of other political parties to facilitate middle-class people bearing exorbitant rents to obtain a little tax allowance from the Government to ease their burden. This year, the Financial Secretary again turned a deaf ear to our request and remained unmoved by the voices of ours, other political parties and even the

community. However, the Liberal Party will definitely hold on and bring up this proposal again next year until the Government is willing to accept it.

Talking about housing, I am aware that many banks lower their mortgage rates recently and property prices seem to move upwards. It may be "a warm spell" and it may not be so. Property prices may soar again. I am also aware that some pieces of land recently put on the market, such as the two separate residential sites at Ap Lei Chau and Sai Kung, had won the favour of developers despite their small sizes. As far as I know, 12 and 18 tenders were received respectively, with 15 real estate developers involved. Their interest in these two tiny pieces of land indicates that the demand for land remains strong. In the long term, the Government must maintain an ample and stable supply of land. Otherwise, property prices will soar again very soon.

In order to provide more land as soon as possible to help the "shell-less clan" buy a starter flat, the Liberal Party puts forward three proposals. First, the Government should make good use of the deserted industrial buildings in the urban area to allow change of land use after premium payment for the construction of "flats with limited floor area". Second, the secondary market of the Home Ownership Scheme (HOS) flats should be revitalized to allow people eligible for white form application to purchase HOS flats without premium payment, so as to boost the supply of "starter flats" immediately. Third, it is hoped that the Government will seriously consider the introduction of "starter flats with limited floor area for Hong Kong people" to separate the investor and user markets. Also, it should be stipulated that these "starter flats with limited floor area for Hong Kong people" are for the purchase of local users only.

President, talking about investment in social construction, we think that "doubly non-permanent resident pregnant women" coming to Hong Kong to give birth precisely exposes the Government's insufficient efforts in this area, with only stopgap measures being carried out. Local medical personnel are inadequate. But the authorities fail to provide proper training at an earlier time. We have checked the records and found that 10 years ago, over 300 graduates were trained every year by the medical schools of the two universities. However, such university places were cut in 2003. As a result, only 200-odd medical graduates have been trained every year since 2007. The supply drops

just when we need these medical personnel and special talents most. Therefore, the Government should seriously examine ways to solve this problem.

Moreover, the facilities of many public hospitals are dilapidated and backward. Fortunately, the Government has proposed in this Budget the allocation of funding for the redevelopment of Queen Mary Hospital and Kwong Wah Hospital. In fact, the conditions of these two hospitals have long evoked repercussions in society. I have also brought up this issue at the Chief Executive's Question and Answer Session. The Government is willing to allocate funding for the redevelopment of these two old and shabby hospitals only after coming under such heavy pressure. I wish to remind the Government that apart from these two hospitals, Kwai Chung Hospital which admits mental patients is also in a state of disrepair. The Government should not wait until it attracts media attention and mounting public pressure to start addressing the problem. Rather, the Government should allocate funding as soon as possible for the redevelopment of these old and shabby hospitals.

At present, poverty remains a very serious problem in Hong Kong. The Financial Secretary just applies the same old tricks and implements measures such as granting a subsidy for electricity tariffs and waiving public housing rental for two months. But these measures cannot provide a permanent solution at all. The Liberal Party has put forward two proposals to the Government. First, it is the introduction of a special ex gratia payment. In order to encourage the working poor to work, eligible families can receive a maximum of \$2,500 a month as living allowance. Second, concerning the impact of an ageing population, we hope that the Government will give practical help to the elderly. So, we suggest that people aged 65 or above who pass the means test of the "fruit grant" scheme can be granted an extra \$500 a month. Eligible elderly people will then receive \$1,500 a month and their living pressure will be slightly alleviated. In fact, even if an extra \$1,000 a month is granted, we will raise no objection because they are all elderly people in need.

Talking about the elderly, I wish to mention in passing that minibuses are excluded from the proposed public transport concessions for the elderly and persons with disabilities scheme. Actually, many housing estates do not have any direct access by franchised buses or rail links. Thus, many elderly people have to rely on minibuses to commute. Therefore, it is hoped that the Government will consider extending the scheme to cover minibuses. The

minibus industry is more than willing to discuss with the Government ways to put this scheme into practice.

The Government really has made no advancement concerning the six major industries. However, in SME financing, it finally offers some help by proposing the enhancement of the SME Financing Guarantee Scheme under the Hong Kong Mortgage Corporation. Although this is not exactly the special credit guarantee scheme we have proposed, as long as SMEs will get help in financing, we consider it acceptable. Moreover, reducing profits tax by \$12,000 and waiving business registration fees for one year can also offer a bit help to SMEs, which can be described as acts of "sending charcoal in snowy weather".

Next, I wish to point out the Government's inadequacies in promoting the development of industries. The State has instructed us to put in efforts to develop into a centre of finance, trade and shipping by strengthening and enhancing our status. In developing the logistics industry, the State has also given us support. However, the supply of land for this purpose is very limited. The Government indicated in 2009 that a site of 29 hectares in Kwai Chung would be allocated for developing a logistics cluster. However, after two to nearly three years, only 4.8 hectares have so far been allocated, with 25 hectares short. Moreover, the Government has indicated that it is not likely to have any more land available in the district, and future sites need to be identified in Tuen Mun. Under these circumstances, it is practically impossible to develop the logistics industry. The Government must review as soon as possible the land use policy for logistics purpose and tie in practically with the operation of the industry.

Besides, the development in many areas has also been lagging behind. For instance, the logistics park proposed earlier has vanished into thin air, and the study of the construction of container terminal 10 has always been underway without anyone knowing its exact progress. If the logistics industry is to be developed, these infrastructure facilities have to be launched as soon as possible. What pleased us slightly is that the Executive Council decided yesterday to support in principle the construction of the third airport runway. However, we are concerned about the high construction cost of \$136.2 billion. Moreover, the project will not be finalized until as late as 2015, and the runway will not be completed until 2023. It is hoped that the Airport Authority and the Government will exercise good cost control, and suppress costs and shorten construction time as far as possible.

To tie in with the National 12th Five-Year Plan, Hong Kong is to be developed into a high value-added storage management and regional distribution centre. The development of electronic logistics is thus necessary. The On-board Trucker Information System recently implemented is quite satisfactory but there is still room for improvement. It is because many members of the industry have complained that at present, after making declaration in Hong Kong, they have to do it once again in the Mainland. I wonder whether a regional electronic logistics system will be developed to streamline these procedures as far as possible.

In fact, the industry is facing great difficulties now. It is troubled by the European debt crisis as well as external economic factors. Therefore, the industry hopes that the Government will provide them with more relief measures, including waiving licence fees related to the freight industry for one year; reducing public cargo working area fees; and carrying out studies with the Mainland on the standards required to be observed by vehicles going through "co-location customs clearance", so as to enable these vehicles to undergo one examination only, thereby saving the payment of such fees by vehicle owners.

The logistics industry involves a very complex supply chain. The re-export of goods no longer limits to the import and export of the whole container, but also covers working processes such as "unloading goods from containers" and "separate loading of goods in containers" in Hong Kong. Therefore, the authorities must streamline the relevant procedures and optimize the regulatory regime to enable Hong Kong to develop into a genuine regional distribution centre.

The two subsidy schemes that aim to improve air quality by encouraging vehicle owners to replace their pre-Euro and Euro I and II diesel vehicles have not been well-received at present. It is hoped that the Government will think of ways to enhance the schemes as far as possible, so as to encourage more vehicle owners to write off their old vehicles and replace them with new ones. Regarding private vehicles, I also hope that the Government will actively consider introducing tax rebates for the cancellation of vehicle registration, so as to replace old vehicles (*The buzzer sounded*) and bring in more new ones. Thank you, President.

MR VINCENT FANG (in Cantonese): President, this Budget is the fifth one Secretary John TSANG announced in his term of office, as well as the last one of the current-term Government. Half of the period covered by the Budget will be under the Government of the next term. Therefore, other than expressing my personal views and those of the industry on some of the proposals in this Budget, I will make a summary of all the five budgets. Also, I will express some of my views on the expectation of the next-term Government in terms of budget formulation.

First of all, in my view, of the five budgets, the Budget this year is most acceptable, though still not very satisfactory. I find it acceptable because the Financial Secretary has finally, in certain areas, responded to the aspirations of society and opinions of political parties and Members, and has somewhat paid attention to the major economic environment.

The Secretary has, in this year's Budget, earmarked \$80 billion to provide additional support and subsidy in many areas. Measures that score best include the injection of \$10 billion into the Samaritan Fund, the increase in medical expenditure, and the expansion of the coverage of the Drug Formulary. Many Members have commended these measures today. However, I hope that in processing applications, the Government will be more flexible to ensure that the allocated fund can really help patients with urgent needs, and not just put the money aside for window dressing purpose. However, I think medical assistances for the elderly are insufficient. The Financial Secretary implemented Scheme \$6,000 last year, which benefits even those Hong Kong people who had emigrated overseas years ago. If 100 000 people are benefitted from the Scheme, it means that \$600 million would have to be spent. If this amount of money is used for helping elderly people undergo cataract operation, I believe all elderly people will benefit!

A colleague said just now he was pleased to learn that the Liberal Party cares about medical services for the elderly. I wish to respond that the Liberal Party and the business sector have all along shown great respect for the elderly. It is because the elderly worked hard in the past with full devotion, and they had made significant contributions to the economic development enjoyed by Hong Kong today. Our community today is better off than that in the past, and the financial position of the Government is strong. So, we should reward the elderly. At the same time, we should also promote the sustainable economic development of Hong Kong to enable the middle-aged people to have a healthier

life and a higher income. We must stop the Government from using "an ageing population" as its slogan every year, and using "storing up grain against famine" and "getting prepared for rainy days" as pretexts for declining the appropriate deployment of resources.

I remember that in the wake of the financial tsunami in 2008, the Financial Secretary told us there was no need to worry about the impacts of the tsunami. However, after the release of the Budget, he put forward many measures that helped enterprises tide over the difficulties caused by the tsunami. By comparison, the Secretary's response is much quicker this time. The Government has immediately provided a guarantee commitment amounting to \$100 billion in total to small and medium enterprises (SMEs). Although the application threshold is unknown at this stage, the Government has, after all, responded to worries about uncertainties concerning Hong Kong's exports brought by the downturn of external economies.

Moreover, the proposal of allocating \$1 billion to subsidize local enterprises for brand development in the Mainland market is also worth commendation. Although a consensus could not be reached by Members at yesterday's meeting of the Panel on Commerce and Industry, I hope that the Government will provide clearer information to show its determination to render support for SMEs. I hope that colleagues will approve the funding as quickly as possible.

Regarding the Secretary's measure of "handing out cash", many colleagues think that cash should only be handed out to those in need, the low income earners and the grassroots. The Government always stresses the need to avoid discrimination. However, as our colleague Mr Tommy CHEUNG pointed out in his speech, when big enterprises can enjoy the waiving of business registration fees, why do hawkers not have their licence fees waived? When the shop paying the highest rent in the world as reported in newspapers can enjoy the waiving of rates, why are rents of wholesale food markets, which are relevant to food prices, increased by 8%? When well-off tenants of public housing estates can enjoy the waiving of two months' rents, why those who are not eligible for public housing and are now living in rooftop shanties, sub-divided units and even caged homes, as well as those "N-nothings" without applying for CSSA cannot even receive one cent of subsidy? By neglecting these people, does the Government wish to encourage all those low-income earners who want to be self-reliant to apply for CSSA?

Such a negligent attitude is not just present in this Budget. In the past, colleagues reflected the needs of different kinds of people and fought for them. However, the Budget released recently has neglected once again these people who are less competitive. Does that reflect that the Secretary and his colleagues have dismissed our views and kept "making a cart behind closed doors" by adhering to the established mechanism? And, this is why I am still not satisfied with the Budget this year.

When we review the performance of the Financial Secretary in the past five years, we believe that his most outstanding performance must be the accumulation of a huge fiscal surplus for the Treasury of the Government. This is the result of his wrong prediction of the financial revenue and expenditure in each of the past five years. He has not only underestimated the public revenue, but also threatened us with a possible deficit. However, in the end, a huge surplus was recorded every year. For instance, in 2011-2012, the Government recorded a surplus of \$66.7 billion, the third high since the reunification of Hong Kong, but it was predicted in the Budget that we would have a deficit of \$8.5 billion, leaving a gap as high as \$75.2 billion. According to the calculation by the media, the difference between the estimated and actual surpluses in the past four budgets has accrued to some \$250 billion!

Why did the Government arrive at such a "ridiculous" underestimation? In my view, there are only two reasons. First, the Government does not understand the actual economic operation and therefore make a wrong calculation. However, we have Prof CHAN, a famous academic in economics, leading the Financial Services and the Treasury Bureau, as well as an excellent team of civil servants of the SAR Government, there is no reason for such bad performance. Second, the prediction of a deficit will save the Government a lot of efforts because it has many "mottos" for its philosophy of governance. The most classic ones include "keeping expenditure within the limits of income", "getting prepared for rainy days, storing up grain against famine", "spending only when you should spend", "recovering the costs", and so on. From these governance mottos, I truly understand what is meant by a "watchdog government".

During his five years in office, Mr TSANG has accumulated a massive fortune for the Government. However, the wealth gap in Hong Kong has kept widening. On the other hand, the unemployment rate of Hong Kong has seen a

drop. Enterprises, big, medium or small, have not been able to recruit staff. Such a phenomenon is quite strange because everyone has got a job. I can tell you the reason why. The Government has kept suppressing the room for business in Hong Kong, leading it increasingly difficult to operate. Of course, SMEs are the first to bear the brunt and are forced to wind up. Those who used to run their own business have no choice but to become wage earners. May I ask how many people can become the "king of wage earners"?

I met some friends in the industry over a meal earlier. Some employers of small enterprises present were once co-workers. They separately started their own business afterwards. However, nowadays, wage earners can hardly start their own business. As small employers, first, they cannot take long holidays, and they do not have time to spend with their family, because they have to let employees take holidays first, otherwise they will be criticized as unscrupulous employers, and even will have to face the consequence of employees handing in resignation. May I ask who still dare to start a business? Without an opportunity of starting a business, wage earners will lose the chance of upward mobility as well.

Take Korea, Singapore and even Taiwan of the "Four Little Dragons" in Asia as examples, their governments have played a very active role in socio-economic development, technology enhancement and the balanced development among big, medium and small enterprises. These three places share a common characteristic, and that is, the government has made direct economic investments in or formulated policy support to projects with relatively low return but conducive to the environment. Measures taken include the provision of land and taxation concessions for the waste recycling industry and the provision of standardized stall upgrading facilities for open bazaars.

On the contrary, the Hong Kong Government, on the one hand, claims that it cannot directly intervene in the operation of enterprises; on the other hand, legislates to intervene in the operation of enterprises. Is this way of doing things not self-contradictory?

However, I sympathize with Mr TSANG who assumes the post of Financial Secretary in the present environment. Under the present extremely unclear population policy of Hong Kong, it is really difficult to draw up a budget with foresight. As a result, the Government does not dare to make bold

investment of resources in education, housing and healthcare. As we can see, the problem of "doubly non-permanent resident pregnant women" using public healthcare services alone has made Secretary Dr York CHOW busy with the deployment of resources. What is more, we do not know when "doubly non-permanent resident babies" over the past 10 years will return to Hong Kong to enjoy such services as education, healthcare and even housing.

I proposed in this Council at the beginning of this year a motion on the comprehensive review of the population policy of Hong Kong, in the hope of soliciting Members' support for a once-and-for-all solution to the problem concerning the permanent right of abode of "doubly non-permanent resident babies". If this problem is not solved with decisiveness, undoubtedly many landmines will be laid in Hong Kong. However, regrettably, my motion and all the four amendments failed to pass. However, my motion has raised Members' concern after all. I hope that the next-term Government will address the population policy of Hong Kong in a serious manner, so as to establish a platform for long-term planning of the governance of the new Government in the next five years. I so submit. Thank you, President.

MR WONG YUNG-KAN (in Cantonese): President, I wish to first talk about the issue of columbaria. At present, the management of private columbaria by the Government is not satisfactory. Only List A and List B of such facilities have been released so far. However, strangely, not many discussions have been held on when the Government will legalize columbaria on List B or how this problem will be tackled. The lack of progress of the Government has enabled these columbaria to continue to operate without a licence. It is hoped that the Government will attach importance to this problem as quickly as possible so that operators are not allowed to exploit legal loopholes.

At present, private columbaria have been set up in many places over the territory, causing intense reaction in local communities. The Government has recently conducted public consultation on the licensing scheme for private columbaria. However, no concrete solutions have been proposed in the consultation paper. We hope that something can be done in advance during this legal vacuum period. For instance, apart from releasing the list of columbaria in compliance with the planning requirements of land leases, a special service team should be set up as quickly as possible to specifically deal with cases of

columbaria in contravention of land leases as well as cases of illegal columbaria referred to the Town Planning Board. The special service team should tackle illegal private columbaria in accordance with the current legislation and system; its team members should take instant actions by going to such columbaria to take photos or record mismanagement by other means, so as to facilitate filing and enforcement after enactment of law.

Meanwhile, we think the Government should consider the practice of many foreign places in introducing a local community compensation scheme. Whenever a new or extended public or private columbarium facility is built, improvement initiatives should be proposed for the local community in the vicinity, such as the beautification and greening of the living environment, the provision of additional community facilities, and so on. The Government should also consult the views of the community, particularly the District Councils and the districts.

President, I also wish to talk about the issue of food. Although the prices of certain food products of the Mainland seem to start going down, the inflation rate of Hong Kong in January has reached 6.7%, representing a really shocking increase. Therefore, I hope that the Government will provide assistance in this respect because food is a significant expenditure item of grass-roots families. We have noted that in order to save money, some families buy food that is not fresh, and some deliberately go shopping near the closing time of markets to buy cheap food. When I go to the market and chat with some "old friends", they tell me they do not feel happy. The Government has the responsibility to ensure the stability of food prices and their supply, and prevent the soaring of food prices. Only in this way can the living pressure of the grassroots be alleviated. The Government should stabilize the sales mechanism for food; increase sales channels and provide information on price comparison; and explore more sources of food. Only in this way can supply be increased and prices suppressed. Moreover, if food supply increases, the risk of stock shortage and the fluctuation of prices due to the unstable supply of a single region can be avoided.

At the last regular meeting of the Panel on Food Safety and Environmental Hygiene, the issue of rental increases of the Cheung Sha Wan Wholesale Food Market and the Western Wholesale Food Market was discussed. Given that the Government has such a huge surplus, why did it still raise the rents by 3%? Therefore, the Panel unanimously voted against the Government's proposed rental

increases. I hope the Government will understand that once the rents of wholesale food markets are raised, the rate of increase will be passed on to consumers, especially general members of the public. Therefore, at the meeting on that day, Members unanimously raised strong objection to the rental increase of wholesale food markets proposed by the Government. On the other hand, I thank the Government for again freezing market rents this year. I hope that the Government will continue to listen to the views of the industry and charge lower rents to assist traders in keeping their business running.

Other than patronizing markets, many kaifongs buy daily necessities from licensed hawkers. After years of patronage, a friendly relation has been established between traders and customers. We hope that after the Fa Yuen Street incident, the Government will continue to strengthen its contact and communication with traders, so as to properly handle the hawking arrangements of street stalls and other issues, in particular the safety issue, so that the policy of operating markets with local characteristics can be implemented, and hawkers can operate at ease.

President, I also wish to talk about the situation in the wake of the Fukushima incident. Although the nuclear disaster zone is very far away from Hong Kong, the leak at the Fukushima nuclear plant has polluted many agricultural products, making us worry about the flow of such products into Hong Kong. Therefore, many people hope that the Government will strengthen its spot check on food products imported from Japan so that the general public can consume without worries.

After talking a lot about the issue of food, I wish to return to my industry. While the Government has waived the fees of many licences, particularly commercial licences, the licence fees for the most disadvantaged fisheries industry, which include the licence fees of fishing vessels and fish farming, have not been waived. Worse still, even after members of the industry pay \$1,000 or several hundred dollars licence fees, the Government still has not paid attention to the industry. To me, this is where the biggest problem lies. Before further discussing this issue, I have to thank the Government for introducing new changes with regard to marine works in the light of marine fish farming industry. This is not an overnight achievement. Instead, the mechanism in adjusting marine works is developed only after years of communication between the industry and the Government.

If you ask the industry whether we are pleased or satisfied, frankly speaking, we have no alternative but to accept such changes under the mechanism. However, I also hope that when the Government carries out such works, greater concern will be paid for the marine ecology and environment, especially the monitoring of water quality, so as to avoid affecting the industry, such as the disaster of massive fish deaths. If we have to negotiate again with the Government, we will have to go through a long argument without knowing what we are exactly arguing about. At the end, the Government may say, "No, the consultancy firm says so." The Government has changed some of its practice recently. Concerning the ex gratia payment mechanism, the Government has communicated with the industry and thought of ways to minimize the losses of the industry, in the hope of offering help to the marine fish farming industry.

The Government will grant ex gratia payments for buying back trawler licences in December. Actually, we have always hoped that the Government will help in the restructuring of the industry, including organizing ecology tours, developing leisure fishing industry, and so on. In December last year, I went to Beijing on behalf of my organization to attend the inauguration of a leisure fishing association of China. The setting up of this association marks the changes in offshore fish resources through the promotion of angling activities and the development of fishing village culture in China. Actually, this is the development of leisure fishing industry. I hope that the Government will learn from it should opportunities arise.

Looking from another angle, I find that the Government has made some policy changes recently. Several days ago, on 19th of this month, I went to Guangzhou with the Director of the Agriculture, Fisheries and Conservation Department (AFCD) and a dozen or so people. We had requested for this visit for a long time, in the hope that the Government would take the lead to actively look at the changes in the Mainland. The Director of the AFCD went personally for site visits. We note that in areas of pig raising, vegetable growing and fish rearing, the Mainland Government has, apart from allocating resources to help the industry make changes and progress, more importantly, assisted them to reach Euro standards in food safety. Of course, some people may query whether I am joking as food products in the Mainland are loaded with problems. Actually, I wish to tell you that after the inspection, I am of the view that malpractices can be

rectified gradually, and the regulatory system of food production and food safety in the Mainland will be strengthened step by step.

Besides, recently, I visited Sabah in Malaysia upon the invitation of a group of Hong Kong fishermen engaging in fish farming there. Of course, I paid the trip out of my own pocket without getting any subsidies. During the visit, I found the fish farms there very big, some with an investment of \$20 million. All the harvest will be transported back to Hong Kong for sale. They told me that in the past few years, a round-trip cost of diesel fuel for transporting several piculs of fishes to Hong Kong has increased from over \$200,000 at the beginning to over \$500,000 at present. However, they have continued to run the business. Of course, you may think that they do so only because they earn a profit. However, the industry has pointed out that the Government has never shown concern for them and never taken interest in their affairs. Their harvest is not only for sale in Hong Kong, but also in the Mainland. Therefore, I think the Government should have a new concept about the development of the fish farming industry.

Speaking of the fish farming industry, I also wish to talk about the local fish farming industry. Despite the small scale of the local fish farming industry, it cannot escape the impact of human disasters. Why do I say human disasters? Apart from not waiving licence fees by the Government, the most outrageous thing is that the waterway at Kai Lung Wan is less than 15 m from the fish farming zone. When large yachts measuring 100 ft to 200 ft long pass the fish rafts, they create strong waves inside the rafts, breaking pieces of raft woods. Worse still, people may also get hurt.

Regarding this incident, I had an on-site inspection and discussion with the Marine Department. The staff of the Marine Department also negotiated with yacht drivers concerned, asking them to reduce speed when passing that area to avoid fatal accidents. However, the situation has seen no improvement at all even after the negotiation. This is why today I ask Members to pay attention to these large yachts. These yachts should only be allowed to sail outside the waterways and not inside the waterway. One of these yachts has even crashed into the hillside.

Just think, some wealthy people, for the sake of self-enjoyment, refuse to make a detour and always sail near the fish farming zone, breaking the raft woods

and causing damages. When we claimed for compensation, they paid no attention to us. When the staff of the Marine Department negotiated with them, they only said, "We will deal with it." However, they behaved in the same old way. What sort of society is this in reality? The disadvantaged group has been Some say that it is because of the ineffective monitoring of the Government. However, I do not think this is the reason. It is because some people fear nothing due to their strong backing. In their view, fish rafts should not obstruct their waterway. Therefore, I hope that the Government will treat this matter seriously.

I would like to take this opportunity to talk about the present livelihood of fishermen. I wish to tell the Financial Secretary — I have spoken to him about this — the State has started to provide diesel subsidies to Hong Kong and Macao mobile fishermen since 2009. From 2009 to the latter half of 2011, a total of RMB1.5 billion yuan of diesel subsidies had been granted to this group of people by the State. On the contrary, the same group of people has been refused the waiving of licence fees in Hong Kong. Therefore, I hope the Government would think deeply and consider whether it needs to draw reference from the practice of the Mainland. I am not asking the Government to do anything. But at least Since licence fees paid by consortia can be waived, how about the fees paid by vessels of a small-scale operation? I do not know whether Secretary K C CHAN and the Financial Secretary will further consider waiving the licence fees for these disadvantaged groups due to the rising price of diesel. It was announced yesterday in the Mainland that the price of diesel will increase by \$600 per tonne. To the industry, this is a predicament. I hope that the Government will understand the plight of these fishermen.

Thank you, President. Thank you, Financial Secretary.

MR CHEUNG MAN-KWONG (in Cantonese): President, I would like to draw your attention to two indicators of education expenditure since the reunification of Hong Kong: firstly, the proportion of our education expenditure to the total public expenditure has been decreasing. During the early years of our reunification, the proportion of education expenditure still maintained at over 20% of our total public expenditure, but starting from 2009, it had fallen to below 20% at 19%, and further slipped to a new record low of 17.5% in 2011. Secondly, the level of education expenditure of Hong Kong is still very low as

compared to that of the international level. According to information provided by the Organization for Economic Co-operation and Development, the education expenditures of their Member States have accounted for 5.4% of their GDP on average, and even for the G20 developing countries, the ratio was 4.6% on average. And, back in 1993, the Central Committee of the Communist Party of China had pledged that its funding for education should account for 4% of the GDP, and the target was eventually met this year. However, in the case of Hong Kong, our education expenditure for this year has only accounted for 3.61% of our GDP, which has not only fallen behind that of advanced countries in Europe and America, but also failed to catch up with that of our neighbouring countries, such as Thailand, Malaysia and other developing countries. How can our education be competitive if this trend continues?

The Treasury of the SAR Government is overflowing with surplus and it has to find ways for "handing out candies" every year. However, it has refrained from making long-term plans for education, which includes the provision of 15-year free education. The same old excuses were given by the Education Bureau at the recent special meeting of the Finance Committee. It said that issues such as tuition fees, school premises and the allocation of school places have posed difficulties for the provision of 15-year free education. However, such problems have been raised for over a year, and I have proposed a feasible transitional plan during the Policy Address debate of last year and at other meetings, and members of the industry have also made various suggestions. To put it in a nutshell, the real difficulty lies in the fact that the sunset Government is not interested in doing anything.

While Donald TSANG is waiting to "go off-duty", kindergarten teachers (KTs) have continued to upgrade their qualifications, even though they do not enjoy payment security. The Government had undertaken to monitor the salary of KTs and ensure that they would not be exploited when school vouchers were first introduced and the KT pay scale was abolished. Currently, nearly 80% of KTs have obtained diploma qualifications, and another 30% are pursuing degree courses, but the salary of 8% of KTs is at a level which is still lower than the basic starting salary of "qualified KTs", with the salary of some full-time KTs as low as \$7,500. Donald TSANG should feel ashamed of himself for placing KTs in such a situation. In order to retain talents, the kindergarten education sector has requested for setting a KT pay scale which offers direct subsidies, and this should ultimately benefit schools and students alike.

Donald TSANG has also done a disservice to full-time kindergarten students. As the authorities are subsidizing whole-day kindergartens with half-day school vouchers, 99% of parents have to pay at least \$4,000 per year to make up for the shortfall in school fees. Operations of whole-day kindergartens are extremely difficult and the turnover rate of KTs is as high as 50%. As such, the major premise for providing 15-year free education lies in the availability of weighted subsidies for whole-day kindergartens, so that support can be provided for dual income families which are in need of such services. At the same time, the quality of kindergartens should also be enhanced through the provision of funding, such as improving the student-teacher ratio and school facilities and establishing a consultative platform whereby members of the industry can participate in the formulation of a fully-subsidized kindergarten education policy.

President, the Government has also adopted a "delaying tactic" in regard to small class teaching by questioning its effectiveness, exaggerating the cost and eventually saying that the population is increasing. The Government has done everything possible in order to reject small class teaching in secondary schools. However, small class teaching for Primary One has already been introduced in the school year of 2009, and the first batch of such students will be admitted to secondary school in 2015. And, as the curriculum becomes more difficult, parents will reasonably hope that their children will continue to be taught in small classes instead of middle-sized or even big classes when they attend secondary school. Many surveys conducted by the Hong Kong Professional Teachers' Union (HKPTU) found that teachers were of the opinion that small class teaching has been most effective in catering for different learning abilities. As social problems become increasingly complex, there is a greater diversity in student learning abilities. In 2010, 23 000 candidates obtained five points or less in the Hong Kong Certificate of Education Examination; 6 500 candidates obtained zero points; and of the 4 500 students dropped out from secondary schools every year, 30% are below the age of 15. These are all underprivileged students. Since we have the financial means, the conditions for small class teaching are ripe and such a need has been generated by the education reforms, why not reduce the number of students in each secondary school class, so as to take better care of the underprivileged students, enhance their performances or even improve their moral education?

President, ever since the education reforms were launched in 2000, the HKPTU has conducted more than 10 surveys on the stress level of teachers, and

found that it has continued to rise. In 2001, when the education reforms were first launched, 70% of teachers indicated that they were under great stress; in 2004, it was found that the percentage of teachers suffering from recurrent anxiety disorders was higher than that of the general public, with the source of the stress coming from the education reforms; in 2010, it was found that each teacher was responsible for 80 jobs on average in a academic year, and one-fourth of teachers had to undertake 100 jobs out of which only 40% were teaching related; in 2011, 35% of the Liberal Studies teachers indicated that they were totally "stressed-out". The education reforms have been implemented for 10 years, during which the work pressure for teachers has been increasing, and the worsening conditions have not stopped.

The findings of various surveys showed that the main source of teachers' stress come from the education reforms, which are too rapid, too hasty and too many. In the case of the New Senior Secondary (NSS) Liberal Studies, the subject, once introduced, is a compulsory subject to be examined; and all subjects, with the exception of Mathematics, have to undergo school-based assessments. While schools do not even have time for teaching, school-based assessments have continued to "rob" the time of students. Supporting facilities for small class teaching are far and remote, and there are still 40 students in each NSS class, this is even worse than the past when there were only 30 students in each matriculation class. And, at a time when teachers can no longer cope with the excessive workload, the Government indicates that it has to withdraw its \$320,000 bi-annual subsidy for Liberal Studies, thus resulting in a large number of Liberal Studies teachers or teaching assistants being laid off. As the population of secondary school students will continue to decline in the next few years, the lingering threat of school closures will still be present; and the Government just takes one step at a time. If the authorities fail to offer the right remedy, review the pace of education reforms and call a halt to the increasing number of examinations and assessments, teachers will continue to be stressed out.

President, the Government has artificially increased the number of post-secondary school places and blindly turned education grants into government and institutional student loans in the past, thus transferring the financial burden of education onto students. Though the Government has long been warned by teachers and students that it should rein in before it is too late, so as to avoid compromising the quality of education and creating a group of

debt-ridden young people, it still insists on having its own way. And, even when the number of post-secondary students in the SAR had exceeded the target of having 60% of students in post-secondary level in 2006, Mrs Fanny LAW, the former Permanent Secretary of the Education and Manpower Bureau and chief designer for the 60% threshold, still insisted that society had a acute demand for sub-degree places and the market for sub-degree graduates had yet to be saturated, in her reply to the Legislative Council back then. It was only until Mrs LAW helped in the election campaign of a Chief Executive candidate recently that she finally admitted the failure of the policy, but she still said that the continued increase in the number of sub-degree places was due to the demands of parents, and the varied qualities of programmes were resulted from universities indiscriminately offering programmes. It seemed as if she was not involved and was not in office at that time; and now parents and education institutions have to bear the unjustified blame. This is extremely unfair.

President, an important highlight of this year's Budget on healthcare is the injection of \$10 billion into the Samaritan Fund of the Hospital Authority (HA).

Since the introduction of the Hospital Authority Drug Formulary in 2005, many patients who have to take expensive drugs listed as Third and Fourth Category drugs must go through a family income and assets means test for Third Category drugs. No subsidies are offered by the hospitals for Fourth Category drugs because they are expensive. Many cancer drugs fall within this Category. The excuse given by the HA for not providing any funding is that the drugs have only gone through preliminary tests, but the fact is, such drugs have already been widely prescribed by public hospitals, just that patients have to pay for the drugs.

The Democratic Party has been fighting for years to provide subsidies for all drugs as long as they are clinically assessed by attending doctors as indispensable and patients need not pay for them out of their own pockets. As a lot of funding is required for the implementation of this policy, the Democratic Party has proposed a compromise: to allocate \$10 billion for establishing a drug subsidy fund for financing public healthcare drug expenditures. This is one of our major proposals for this year's and last year's Budget.

The proposal of the Democratic Party was incorporated in the Budget and the Financial Secretary proposed to inject \$10 billion into the Samaritan Fund for its operations in the next 10 years. Excluding investment incomes, new funds

amounting to an average of \$1 billion will be available each year, while the expenditure of the Samaritan Fund on drug subsidies was only \$160 million to \$200 million in 2011-2012. We hope that the HA can make good use of the Fund, and in addition to relaxing the conditions for the subsidy, life-saving drugs would also be covered by the safety net. We hope the management of the Fund would understand that there have been patients who gave up treatments due to lack of funds or went bankrupt for buying drugs. The early relaxation of the safety net can save many patients and the opportunities for rescuing people should not be delayed by bureaucratic operations. I must point out that the \$10 billion drug fund is a benevolent policy of the SAR Government and should be supported.

In regard to the Budget, the Food and Health Bureau pointed out in its speech that the Government is very concerned about the impact of Mainland pregnant women giving birth in Hong Kong on our obstetrics services. However, incidents of "doubly non-permanent resident pregnant women" giving birth in Hong Kong did not happen yesterday. The Legislative Council Panel on Health Services passed a motion in 2004, urging the Government to establish an inter-bureau working group with the Chief Secretary for Administration acting as the convener, so as to solve the problem of non-local residents giving birth in Hong Kong, but so far, the problem has remained unresolved. What can be most easily done by the Government is to increase the charges for Mainland pregnant women and significantly decrease the number of Mainland pregnant women admitted to public hospitals. However, the Government has gone so far as to treat the spouses of Hong Kong residents in the same manner as "doubly non-permanent residents". As a result, some China-Hong Kong families have to borrow money for delivering babies, some of them cannot even compete with "doubly non-permanent resident pregnant women", and the wives of some local residents had to gate-crash the Accident and Emergency (A&E) departments for admissions to hospitals. Last year, 369 spouses of Hong Kong residents and 1 061 "doubly non-permanent resident pregnant women" gate-crashed the A&E, and the number of "doubly non-permanent resident pregnant women" who gate-crashed the A&E was thrice that of Hong Kong people. Hong Kong residents, who should be entitled to go to the hospitals of their choice, are forced to gate-crash eight A&E which do not have obstetrics services, and it is more hazardous for babies to be born in this manner.

Last year, 10% of babies born to Mainland pregnant women who did not have advance appointment had to stay in neonatal intensive care units, while

those who had made advance appointment only constituted 2.2%. If babies, whose parents are not Hong Kong permanent residents, suffer any problems at birth or even have to stay in Hong Kong on a long-term basis, it will impose a heavy burden for the babies, their families and Hong Kong alike. Over the past 10 years, the issue of Mainland pregnant women giving birth in Hong Kong has not only affected the services of the Obstetrician department, but has also rendered it impossible for the Hong Kong Government to make any plans for "doubly non-permanent resident babies" who return to Hong Kong and use the services of the Maternal and Child Health Centres, pediatric wards and primary school educations. If "doubly non-permanent resident children" continue to come to Hong Kong and cause shortages of social resources, it will definitely lead to increasingly serious conflicts between Hong Kong people and Mainlanders, and the originally harmonious relationship and mutual respect between the two places would certainly be impaired. The Government must definitely solve this social problem immediately.

Thank you, President.

MS EMILY LAU (in Cantonese): President, this is the last Budget of the Financial Secretary during his term of office, and as compared to the stormy conditions last year, the situation this year is much more calm and peaceful. Perhaps the Secretary's Budget will be passed without a clinch, for the attention of everyone has been focused on whether the small circle election to be held this Sunday will be aborted, and whether a wolf will be chosen to govern the SAR.

I believe that the Financial Secretary will hope that his last Budget can have the support of the majority of Legislative Council Members. The Democratic Party had made some proposals and we find that they have been accepted by the authorities. In particular, the injection of \$10 billion into the Samaritan Fund, which Mr CHEUNG Man-kwong has mentioned earlier. I believe some people will be pleasantly surprised by the Government's generosity. Furthermore, the middle class are also happy about the salary tax concessions and the increase of tax allowances.

However, President, the fiscal philosophy of this Financial Secretary, as well as that of former Financial Secretaries and even that of the authorities before the handover, has been very outdated. The current SAR Government is not returned by universal suffrage, and during the debate of the small-circle election,

candidates had mentioned the early implementation of dual universal suffrage. The so-called golden rule of the authorities or the rule which has always been upheld is that — as many Members have also mentioned — the public expenditure of the SAR Government cannot or should not exceed 20% of its GDP. How is this principle derived? Has the public ever been consulted? I believe that many Members of this Council are actually against this principle. In particular, President, when our existing reserve is so huge — as Stanley HO has once said, we are so fat that we can hardly bend down to put on the socks — we have \$600-odd billion in fiscal reserve and \$600-odd billion in accumulated surplus which adds up to \$1,200-odd billion. Yet, we only spend so little.

President, many of our trading partners are member states of the Organization for Economic Co-operation and Development, and these 30-odd countries are the richest in the world. Please take a look at the proportion of their government expenditure to their GNP. For many countries, it is some 30% or 40%; and for some North European countries, it is more than 50%. In the case of Hong Kong, it is only 10-odd% though it is a very prosperous city. The authorities will say that they do not intend to pursue a welfare policy, and even the Democratic Party thinks that we should not pursue a welfare policy like some western countries. However, we do have the financial means and should, like what Mr Albert HO, Mr CHEUNG Man-kwong or other Members have said, spend more money on improving our healthcare, welfare, education and other basic facilities.

However, time and again, the authorities are not willing to do so. This does not only apply to the current Financial Secretary who has been brain-washed and feel obliged to defend his actions. He proposes to spend money in various areas, trying to make the middle class happy, and presumes that he has delivered a good Budget. The Democratic is very much against such practices, and I believe that the Democratic Party is not alone in having such thought, some political parties also think that Hong Kong people have been ill-treated by the authorities. President, while the Government is so wealthy, a million-odd people are living in misery, so how can we think that the fiscal policy of the authorities is able to meet the needs of the SAR public in 2012?

President, as claimed by the Democratic Party, if we were to support the Budget, one of the prerequisite is — I have also pointed out earlier that the authorities have accepted some of our proposals, but there is a point which the

authorities have also been aware of, and that is, the people whom we call the "N-nothings" or whatsoever, people who do not live in public rental housing (PRH), and are not recipients of the Comprehensive Social Security Allowance (CSSA) cannot benefit from the proposed relief measures of the Financial Secretary. As such, the Democratic Party very much hopes that the authorities can take care of these people. President, in our submission to the Financial Secretary, the Democratic Party mentioned that non-CSSA recipients who have been on the PRH Waiting List for two years should be given a monthly rental allowance, so that their financial burden can be alleviated. But our proposal was turned down. The Chief Secretary for Administration has publicly announced earlier that the Government will use some \$50 million to \$60 million of the Community Care Fund to offer a housing allowance to about 12 000 households, and one-person households can, on average, receive an allowance of \$900 for two months. President, with an allowance of \$1,800, I would like to ask what kind of flat can people rent? Currently, it may not even be possible to rent a "coffin-sized unit". If that is the way the authorities respond to the Democratic Party and various political parties President, your goodself and many Members went to Beijing when the Finance Committee, chaired by me, held its meetings, and the meetings this year were very quiet, Members who attended the meetings and many parties were of the view that the Secretary should take care of the "N-nothings", he should take good care of these people.

Mr LEE Wing-tat said earlier that it will not be outrageous at all to give these people \$6,000. Some people ask the authorities to "hand out cash" again, but we do not support such act. We think that the money should be spent on those who are in need, and the people mentioned above are the needy.

President, we have to cast our votes next Wednesday and we find the so-called proposals of Secretary Stephen LAM inadequate. The Democratic Party has, after discussions, concluded that we are not going to accept his proposals. The authorities have a huge reserve but it only plans to allocate \$50 million to take care of 12 000 households. Secretary, has there been a mistake? As such, I hope that you people are not only trying to secure the votes of certain people, but that the authorities can really respond to the demands of this group of people — who have time and again failed to obtain the support of the authorities — I hope that the Secretary and his colleagues can actively consider how to help these people in a better way.

President, the Democratic Party very much hopes that our business environment can still be excellent, honest and clean, which are not bound by too much red tape, so that the business sector can operate their business and does not have to curry the favour of the rich and powerful. As such, we welcome the proposal of the Secretary on offering a \$100 million loan guarantee again.

Although recent figures show that the economy of the United States has picked up, some people comment that this is due to the upcoming election which calls for a need to touch up the figures and create a false scene. But anyway, we are very worried, in particular about the European situation. Recently, whenever we met with visitors from Greece or Spain, we would say to them: "What can be done? No matter what happens to your government, we are all linked together and there are bound to be problems". We understand that things are very rough on the international front and the Democratic Party greatly supports any moves taken by the authorities to take care of small and medium enterprises (SMEs), and prevent banks from withdrawing their help in times of need. As such, all members expressed their support at the Panel meeting yesterday, and I even asked why should the application period be nine months? A Member mentioned about a glass ball, and I said it should be a crystal ball for we cannot see through a glass ball. However, right now, even if we have a crystal ball, we may not be able to see through it. But, we all hope that the authorities will support SMEs in times of need. Many SMEs often complained about the inadequate support given to them by the authorities and the Democratic Party very much agree with this. However, what is most important is that the authorities should not show any favour and only choose to help those businessmen who are very close to them. I hope that the authorities would be impartial and fair.

President, I have also talked to the foreign business community recently. They are actually very happy in Hong Kong and think that we have a good business environment. However, they are most concerned about two issues. Firstly, like what Mr Albert HO has said, the issue of insufficient international school places. I have drawn this issue to the attention of the Secretary for Education. He said that as most expatriates who come to Hong Kong are young, there is a great demand for primary school places, hence leading to an acute shortage of school places. Moreover, as they mostly live on Hong Kong Island, they hope that there will be more international school places on Hong Kong Island.

When I attended a meeting of the Panel on Education the other day, many representatives of the foreign business community were also invited to the meeting. A representative of the Japanese community said that the international schools in Tokyo do not have such problems and there are sufficient school places; why is that so? This is because Japanese people living in Tokyo do not fight for international school places for the quality of their schools are very good and Japanese people attend Japanese school. Is it possible for Hong Kong to improve the quality of our local schools? Since local students are allowed to enrol in international schools, they have taken up all the places. President, you may also be aware that some of these students are actually using public funds for they are children of civil servants. Originally, it is not a problem for civil servants to enjoy such benefits, but as many Hong Kong people cannot enjoy the same benefits — as Mr CHEUNG Man-kwong has said — as more children of civil servants attend international schools, the number of complaints has increased. Furthermore, this will also directly affect Hong Kong's status as an international business city, for over the past years, various Chambers of Commerce — President, I have been a member of the Business Facilitation Advisory Committee for six years and have only completed my term recently — I have heard many complaints from the business sector, both foreign and local business community have indicated that there is a shortage of international school places. I hope that the Secretary will pay attention to this situation. The business sector also hopes that a high-level inter-departmental committee can be established so that they will not have to run around to approach four, six or eight departments just for the sake of applying for a school place.

President, another issue that foreign and local business communities are concerned about is air pollution. They all consider this a major issue, though the problem may not be totally related to Hong Kong alone. In order to deal with this problem, we must work with the Pearl River Delta (PRD) Region. But, President, how can we work with the PRD Region? Eleven out of the 60 Members of the Legislative Council have not been to the Mainland for over 20 years. Many of the issues in Hong Kong are actually related to that of the Mainland, in particular the PRD Region. Some issues may be mutually beneficial, while others may be controversial, and such issues require the attention of the Legislative Council and have to be discussed and resolved. However, there is no way for us to form a delegation to visit the Mainland or for a Mainland delegation to come and meet with us at the Legislative Council, to

discuss problems which we are mutually concerned about and should solve together. This issue has dwelt on for over 20 years, and not only we, those who are in the pro-democracy camp and do not have Home Visit Permits, but also the whole SAR have to bear the dire consequences.

President, we heard what LEUNG Chun-ying say on the night of the debate and if this person becomes our new Chief Executive — not our, but the Chief Executive of the SAR, for he is not my Chief Executive as my Chief Executive should be elected by me I will not be involved in small-circle operations and accept that he is elected through an election and can represent Hong Kong people. However, President, we must ask, if the Central and SAR Governments do not have the courage and determination to solve this basic issue, and thus turned the legislature into a "crippled" organization, then we may not be able to sit down with our Mainland counterparts and discuss policies which we are mutually concerned about; and the authorities dare not report to us after the policies have been discussed — for there are actually many things which we do not know, and the authorities claim that it serves no purpose to tell us since we cannot visit the Mainland. The fact that we cannot visit the Mainland implies that problems cannot be resolved. President, there are many issues which are definitely related to the Mainland. As such, I hope that the issues which have not been resolved by this Budget I do not have any expectations of the LEUNG Chun-ying Government. However, I hope that the Secretary can speedily deal with the problem of the "N-nothings" within the next few days and put on a mini good show.

MR IP KWOK-HIM (in Cantonese): President, though the government's expenditure on the development of art and culture for next year will exceed \$3 billion, which is an increase of 9.44% as compared to its revised estimate in 2011-2012, its expenditure on art and culture has only accounted for a very small amount of government expenditures, in light of its \$38.2 billion operating surplus and \$66.7 billion consolidated surplus. Since the Government has such a huge surplus, why does it still have to tighten its purse strings and is not willing to contribute more to the promotion of art and culture development? Such a philosophy of financial management will only bring culture development to a standstill. I think the Government needs to adopt a new mindset in its resources allocation and the development of Cantonese operas is a case in point.

The Sunbeam Theatre in North Point has been an important venue for Cantonese opera performances, but whenever its tenancy is due for renewal, there would be a recurrence of the "four and four years" closure risk. That was the case in 2005, 2009 and this year. But, just as everyone was feeling reluctant to part with the theatre, a dramatic development took place in mid-February, a day before its closure. Someone has renewed the tenancy of the Sunbeam Theatre at a monthly rental of \$1 million for a term of four years. Though, it is still too early to tell whether there will be another closure crisis after four years, we can be certain that the crux of the problem behind the closure crisis lies in inadequate government support for local art and culture.

Since the opening of the Sunbeam Theatre in 1972, it has staged numerous classical operas, such as Princess Chang Ping, The Purple Hairpin and so on, and has also been the breeding ground for Cantonese opera successors. Fans, performers and practitioners of Cantonese operas have deep feelings for the Sunbeam Theatre and it carries the collective memories of countless people. There is no doubt that the Theatre is the cradle of Cantonese operas development. Under its old contract, the Sunbeam Theatre received a monthly rental subsidy of \$200,000 from the SAR Government, but the subsidy was discontinued under the excuse that it is inappropriate for the Government to subsidize commercial operations on a long-term basis, thus forcing the operators of the Theatre who could not afford the rent to stop renewing its tenancy, and this is a great pity. I quote this example to show that the Government has not adopted a new mindset in dealing with its financial management issues.

Cantonese opera is one of the "gold labels" of the Hong Kong art and culture sector, an important local art asset, which has been incorporated in the "Human intangible cultural heritage list" by the United Nations Educational, Scientific and Cultural Organization. As an important performance venue of Cantonese operas, the status of the Sunbeam Theatre is irreplaceable. As such, the Government should not cease its subsidy with the only excuse that "it is inappropriate to subsidize commercial operations on a long-term basis". I think that the Government must review and reconsider its subsidy policy from a higher perspective and with new visions.

Another key cultural venue of Hong Kong is our West Kowloon Cultural District (WKCD). We can make use of opportunities provided by the WKCD to

enhance public cultural enrichment and art appreciation tastes, and audience building is, in fact, an indispensable and integral part for building the WKCD.

As regards cultural software, I am particularly concerned about Hong Kong's art and culture education. The Government has earmarked \$486 million for the five financial years from 2010-2011 for art programmes development, manpower training, art education and audience building. But, only \$4 million are allocated for each of the five years on sponsoring art education activities for students. In view of the limited resources, I would like to ask how can art education be possibly promoted in all our kindergartens, primary, secondary and post-secondary schools? As compared to the resources of our neighbouring countries such as South Korea and Japan, we find that Hong Kong has really lagged far behind.

For example, in South Korea, a statutory government agency, known as the "Korea Arts and Culture Service", has been established, dedicated to expanding school and community-based art and culture education, constructing art and culture education networks and exploring the extent of public support for art and culture education. As regards Japan, its local authorities promote art and culture education through a series of programmes and activities targeted at children, which include inviting them to watch live theatrical arts performances, making arrangements for them to participate in classes and workshops organized by art and culture groups. As such, I hope that the Government will invest more money and funding on art and culture education, and develop Hong Kong into a regional culture hub.

President, the National Sports Associations (NSAs) have, through their feeder training programmes, identified young people with potentials and provide training to them. Future sports stars have identified and nurtured through such programmes. Hence, there is a need for the authorities to offer an appropriate level of financial support for the NSAs. The Government supported 35 feeder programmes of the NSAs last year and has earmarked \$16 million to fund 44 such programmes for next year; and it has also provided funding up to \$250 million for the NSAs, with individual NSAs obtaining as much funding as \$10 million.

Since the Government has invested a large amount of resources in the NSAs, we expect that they would make proper use of the resources and select the best athletes. Since a series of NSAs management problems were uncovered by

the Audit Department in 2009, many colleagues of the Legislative Council urged the Administration to conduct a comprehensive review. Subsequently, the Government proposed a series of improvement measures, including measures on helping the NSAs to enhance their management and accounting abilities, and for developing a computer system, so as to strengthen the monitoring of sports subvention schemes, simplifying their report system, and strengthening the internal governance structures and operations of the NSAs through the "Best Practices Reference", and these measures have now been implemented one after another.

As the NSAs enjoy the right of independence and autonomy, they can make arrangements in regard to the selection and eligibility of athletes, as well as the number and lists of athletes, coaches and support staff. However, the operations of the NSAs lack transparency in the past and have led to complaints of unfairness and partiality in the selection and treatment of athletes. Here, I would like to point out that since the Government has allocated a large amount of resources to the NSAs, it is also duty-bound to monitor their use of public funds, and actively urge them to enhance the transparency of their administration, finance and selection mechanisms, so as to ensure that all athletes are fairly treated.

President, the 2018 Manpower Projection has just been released by the Government, and its preliminary findings show that the overall manpower supply of Hong Kong has increased from 3.42 million in 2010 to 3.58 million in 2018; furthermore, our overall manpower demand will increase from 3.28 million in 2010 to 3.6 million in 2018. It is estimated that our overall manpower supply will fall short of our demand by 14 000 persons in 2018, and there will be an excess of a manpower supply of 8 500 persons with a education level of junior secondary or below, and it is expected that there will be a shortage of manpower supply of 22 000 "high school graduates, mechanics, technicians and sub-degree holders". The report predicts that manpower demand will exceed manpower supply, and the employers' demand for higher educated manpower will be greatly increased, while there will be a surplus of lower educated labour, thus leading to a mismatch of human resources and hasten the emergence of structural unemployment problems.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) thinks that our future economic development will lead to the re-emergence of structural unemployment problems in Hong Kong. In order to

alleviate the problems of structural unemployment and facilitate Hong Kong's transition to a knowledge-based economy, apart from the initiatives proposed in the Budget of increasing the number of Employees Retraining Board (ERB) training places, and enhancing its training for the construction industry so as to attract more people to the industry, the DAB also proposes that the Government should establish a steering committee to monitor the quality of private university and self-financing post-secondary courses, and give further instructions on curriculum planning, in order to develop the private training market and design courses which better meet the needs of our labour market to tie in with Hong Kong's economic development.

President, the Government announced last month that the application threshold for the Work Incentive Transport Subsidy Scheme will be relaxed. The income and asset limits will be increased, with the asset limits for households with one to four members being substantially increased by over 60% and the income limits being increased by more than 10% in general. The DAB welcomes this measure and we believe that the relaxation of the income and household asset limits will benefit more low-income working people, and thus achieving the effect of alleviating the burden of transport fares for the working people and encouraging employment.

In order to further perfect the plan, the DAB thinks that the Government should simplify the application procedures and improve the application form from the perspective of applicants. The Government should reduce the number of supporting documents to be supplied to facilitate the applicants and lower the administrative costs.

President, the fourth term of the District Council (DC) has officially begun on 1 January this year, and as the Legislative Council representative of the DC Functional Constituency, I am certainly very concerned about the support given to DCs, as DCs are an integral part of the two-tier council system. In order to allow DC members to offer quality services to the public and help solve their problems, DC members and I have always stressed that the Government should first provide our DC members with adequate resources, so as to ensure their smooth daily operations.

The Executive Council decided last week that the operating expenses for Legislative Council Members of the next term will be increased by 20% and I

believe that this decision will be welcomed by Members. However, I believe that of DC members are also faced with the problem of inadequate resources and assistants to DC members have always been among the ranks of minimum wage earners. As not much of our operating expenses are left after paying rents and other sundries, it is very difficult for us to employ quality assistants. Moreover, in light of the high inflation rate, DC members are also faced with the pressure of office relocation and rental adjustments. As such, I also very much hope that the Government will correspondingly adjust the amount of office operating expenses for DC members to tie in with that of the Legislative Council Members.

Furthermore, the broadening of visions and knowledge of DC members are also crucial to enhancing the quality of their political discourses. Currently, the Legislative Council offers a one-off overseas duty visit allowance for Members during their four-year term. On this basis, I request the Government to allocate additional funding for providing each DC member with an allowance for duty visit of not exceeding \$10,000 in the next term. I hope that the Government could seriously consider my request and enhance its support for DC members as soon as possible.

Thank you, President.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): I now suspend the meeting until 9 am tomorrow.

Suspended accordingly at three minutes past Ten o'clock.