

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 28 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 ABRAHAM SHEK LAI-HIM, S.B.S., J.P.

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE JEFFREY LAM KIN-FUNG, 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

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

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

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

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 TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

MEMBER ABSENT:

DR THE HONOURABLE LEUNG KA-LAU

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

MR KENNETH CHEN WEI-ON, 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 DENISE YUE CHUNG-YEE, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

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

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

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

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

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

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

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

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

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

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

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

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

MR LAI TUNG-KWOK, S.B.S., I.D.S.M., J.P.
UNDER SECRETARY FOR SECURITY

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MISS ODELIA LEUNG HING-YEE, 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)

PRESIDENT (in Cantonese): Will the person who sit on the seat of Mr LEUNG Kwok-hung please take off the mask. Please put down your mask.

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> |
|--|-----------------|
| Securities and Futures (Offences and Penalties) (Amendment) Regulation 2012 | 45/2012 |
| Air Pollution Control (Vehicle Design Standards) (Emission) (Amendment) Regulation 2012 | 46/2012 |
| Higher Rights of Audience Rules | 47/2012 |
| Securities and Futures (Short Position Reporting) Rules | 48/2012 |

Other Papers

No. 83 — Report by the Commissioner of Correctional Services of Hong Kong Incorporated on the Administration of the Correctional Services Department Welfare Fund for the year ended 31 March 2011

No. 84 — Financial Reporting Council Annual Report 2011

Report of the Legislative Council Investigation Committee established under Rule 49B(2A) of the Rules of Procedure in respect of the Motion to censure Honourable KAM Nai-wai

Report No. 15/11-12 of the House Committee on Consideration of
Subsidiary Legislation and Other Instruments

Report of the Bills Committee on Road Traffic (Amendment) (No. 2) Bill
2011

ADDRESSES

PRESIDENT (in Cantonese): Address. Mrs Sophie LEUNG will address the Council on the "Report of the Legislative Council Investigation Committee established under Rule 49B(2A) of the Rules of Procedure in respect of the Motion to censure Honourable KAM Nai-wai".

Report of the Legislative Council Investigation Committee established under Rule 49B(2A) of the Rules of Procedure in respect of the Motion to censure Honourable KAM Nai-wai

MRS SOPHIE LEUNG (in Cantonese): President, in my capacity as Chairman of the Investigation Committee established under Rule 49B(2A) of the Rules of Procedure in respect of the Motion to censure Honourable KAM Nai-wai (Investigation Committee), I table before this Council the report of the Investigation Committee.

Ms Miriam LAU moved a motion to censure Mr KAM Nai-wai at the Council meeting on 9 December 2009. This is the first time a motion was moved by a Member to censure another Member for alleged misbehaviours in accordance with Article 79(7) of the Basic Law since the establishment of the Hong Kong Special Administrative Region (HKSAR). The President of the Legislative Council shall declare that the Member will no longer qualified for the office when he is censured for misbehaviour or breach of oath by a vote of two thirds of the Members present. The Investigation Committee is established under Rule 49B(2A) of the Rules of Procedure (RoP) and is responsible for establishing the facts stated in the motion and giving its views on whether or not the facts as established constitute grounds for the proposed censure.

As it is the first time an investigation committee is established by the Legislative Council, though Rule 73A of RoP has prescribed the basic mode of operation, the Investigation Committee formulated a set of practice and procedure on the basis of the framework of procedural provisions of RoP before it begins its substantive work, so as to ensure that the Member under investigation, the Members making the allegations, and the other parties involved in the investigation will be treated fairly.

In formulating the set of practice and procedure, the Investigation Committee has made reference to some generally applicable principles of natural justice as well as the procedures adopted by other committees of the Legislative Council and legislatures in other jurisdictions in conducting similar investigations; in addition, it has taken into consideration the views expressed by Members, including Mr KAM, who is under investigation. After thorough discussion, special arrangements have been added to the set of practice and procedure to address views raised by all parties concerned.

First of all, Mr KAM has requested the permission of the Investigation Committee to cross-examine the witnesses by himself or by his counsel. The Investigation Committee considers that it may be inappropriate for the Member or his counsel to conduct cross-examination, especially when the witnesses are members of the public who may feel intimidated when being cross-examined and therefore will be less forthcoming in providing the Investigation Committee with information useful to the investigation. The Investigation Committee notes that cross-examination is not a common practice in similar parliamentary bodies in overseas jurisdictions and other similar committees of the Legislative Council to allow witnesses or their counsel to conduct cross-examination, even though these committees often conduct inquiries into and form views on the actions of individuals whose interests or reputation may be affected by the proceedings of these committees.

While Mr KAM is not permitted to cross examine witness, the Investigation Committee makes special arrangements to ensure that he has the opportunity to examine and respond to the evidence given to the Investigation Committee by witnesses, such measures include:

- (a) Mr KAM will be informed of the witnesses whom the Investigation Committee has decided to call, he may also propose for its consideration witnesses who may help his case;

- (b) the Investigation Committee will request all witness to submit a written statement in advance and then forward the written statement and relevant information to Mr KAM for him to respond, so that the Investigation Committee put questions to the witness on Mr KAM's response; and
- (c) Mr KAM may request a copy of the verbatim transcripts of the hearings containing the evidence of a witness, and he may respond to such statement in writing or in person in a hearing.

Another concern is the standard of proof to be adopted by the Investigation Committee. In view of the serious consequences of the censure motion which could lead to Mr KAM being disqualified from the office, the Investigation Committee therefore decides to adopt the following standard of proof: the more serious the allegation, the more compelling the evidence is required to establish the allegation. Although the Investigation Committee is not regulated by those rules which are applied by the Courts under the law of evidence, the Investigation Committee takes into consideration the following factors when assessing the quality and evaluating the weight of the evidence it has obtained, including relevance, directness and reliability of the evidence.

In Chapter 1 of the Report, the Investigation Committee specifically explains why Ms Miriam LAU has to move the censure motion in her personal capacity as a Member, as well as the deliberation of the Investigation Committee.

On 4 October 2009, a newspaper reported that Mr KAM Nai-wai dismissed a female assistant unreasonably after his advances were rejected by her. Subsequently, the female assistant lodged a complaint with the Democratic Party to which Mr KAM belonged. A large number of media reports and articles relating to the incident emerged in the week that followed, the Complaints Division of the Legislative Council Secretariat received a lot of views submitted by the public on the matter. These views were generally on the need for an inquiry to investigate whether the allegation of sexual harassment was founded, whether there had been improper use of public money in the course of the dismissal, and whether the matter had a negative impact on the integrity of the Member. Duty Roster Members for that week decided that it would propose to the House Committee to follow up the matter. After the deliberations of the House Committee, it was considered that it would be more appropriate to activate

the mechanism in RoP for implementing Article 79(7) of the Basic Law, that is, the mechanism under Rule 49B of RoP, to deal with the allegation against Mr KAM, and Ms Miriam LAU was requested to move the censure motion. It was subsequently noted that although the House Committee should not participate in drafting the censure motion, it would be inappropriate for Chairman of the House Committee to move such a motion. Ms Miriam LAU subsequently agreed to move the censure motion in her personal capacity as a Member. Ms Miriam LAU moved the motion to censure Mr KAM at the Council meeting on 9 December 2009 in accordance with RoP. In accordance with RoP, the debate was adjourned and the matter stated in the motion was referred to the Investigation Committee.

The Investigation Committee was established on 8 January 2010. During the 26-month investigation period, the Investigation Committee held 57 meetings, including 11 hearings, with a total meeting time more than 96 hours. The Member under investigation, Mr KAM, opted that the hearings should not be conducted openly.

Mr KAM submitted four statements to the Investigation Committee and attended seven hearings, while other witnesses (including eight members and a former assistant of Mr KAM) submitted their statements to the Investigation Committee and attended the hearings. The mover of the censure motion, Ms Miriam LAU, and the three other Members who jointly signed the notice of the motion, provided in writing information to facilitate the investigation of the Investigation Committee on the misbehaviour of Mr KAM, as particularized in the Schedule to the censure motion. Ms Kimmie WONG, the assistant mentioned in the censure motion being dismissed by Mr KAM, requested the Investigation Committee not to include her as a witness. She explained to the Investigation Committee that she felt the enormous pressure and she hoped to forget the incident as quickly as possible and keep a low profile. As the Investigation Committee has made reference to the open statement issued by Ms WONG through her solicitors to all Legislative Council Members on 3 December 2009 in taking evidence from Mr KAM and witnesses, and has put relevant questions to them in relation to such information; and coupled with the fact that all witnesses attending the hearings have provided useful evidence to the Investigation Committee to enable the Committee to have a full grasp of the situation, the Investigation Committee respects Ms WONG's wish and has decided not to request the Legislative Council to authorize the Investigation

Committee to exercise the power under section 9(1) of the Legislative Council (Powers and Privileges) Ordinance to order her to attend the hearings.

After analysing the content of the censure motion, the Investigation Committee considers that the two allegations of misbehaviour made against Mr KAM by the Members initiating the censure are:

- (a) Mr KAM Nai-wai made inconsistent remarks to the media and withheld key information, causing the public to have doubts about his integrity; and
- (b) Mr KAM Nai-wai was unfair in dismissing his female assistant, whose overall work performance was judged by him to be good, after his expression of affection was rejected by her.

Moreover, to support the allegations, Members initiating the censure motion made a descriptive account of certain events. The breakdown of these events are listed below:

- (a) Mr KAM expressed good feelings towards his female assistant when he was alone with her on one occasion in mid-June 2009;
- (b) Subsequent to his expression of good feelings towards his female assistant in mid-June 2009, Mr KAM noticed some signs of his female assistant rejecting him, and between early September and mid-September, Mr KAM invited the female assistant to dine out and was refused by her;
- (c) Mr KAM dismissed the female assistant on 24 September 2009;
- (d) When Mr KAM dismissed the female assistant, he did not give any reasons for the dismissal;
- (e) Mr KAM judged that the overall work performance of the female assistant during the employment period to be good;

- (f) Mr KAM denied at a press conference called by him on 4 October 2009 that he had made advances towards the female assistant, and he did not disclose that he had expressed good feelings towards her; and
- (g) Mr KAM admitted on 6 October 2009 on a radio programme that he had expressed good feelings towards the female assistant when he was alone with her on one occasion in mid-June 2009.

After considering all the evidence, the Investigation Committee has established most of the facts in the descriptive account of events in the censure motion, the only part that has not been established is that Mr KAM did not give any reasons for the female assistant's dismissal. The Investigation Committee sets out its detailed analysis on facts which have been established in Chapter 3.

The Investigation Committee raises its views on the two allegations set out in the censure motion in Chapter 4. The first allegation refers to Mr KAM's making inconsistent remarks to the media and withholding of key information, causing the public to have doubts about his integrity. In considering whether the remarks made by Mr KAM at the press conference and the radio programme were inconsistent, the Investigation Committee focuses on whether Mr KAM's expression of good feelings towards Ms WONG could reasonably be understood as making advances to her, and whether Ms WONG and any ordinary person perceived it as such. On the withholding of information, the Investigation Committee has also studied whether the key information which is alleged to have been withheld by Mr KAM, that is, Mr KAM "had expressed good feelings towards the female assistant", and whether Mr KAM's failure to disclose that fact was due to forgetfulness or an oversight or a conscious decision of Mr KAM not to disclose it.

The Investigation Committee considers that the "good feeling" expressed by Mr KAM towards Ms WONG at the afternoon tea meeting in mid-June 2009 can reasonably be regarded as an expression of affection between a man and a woman, that is, an act that carried the meaning of making advances. The Investigation Committee therefore considers that Mr KAM has made "inconsistent" remarks on two occasions to the media. The Investigation Committee also considers that it is a conscious decision of Mr KAM not to disclose a piece of information which was crucial to the understanding of the circumstances of the relationship between Mr KAM and Ms WONG, and he has indeed "withheld key information". As Mr KAM has indeed made inconsistent

remarks to the media and withheld key information, the Investigation Committee considers that it is likely for the public to have doubts about his integrity.

The second allegation is that Mr KAM Nai-wai was unfair in dismissing his female assistant, whose overall work performance was judged by him as good, after his expression of affection was rejected by her. Mr KAM told the Investigation Committee that during the three-month period prior to the dismissal of Ms WONG, Ms WONG had problems with her work performance and attitude and he cited several examples to support his argument. In examining whether Mr KAM has acted unfairly, the Investigation Committee has studied the evidence produced by Mr KAM to substantiate his claim of Ms WONG's work performance and attitude problems. The Investigation Committee however finds that Mr KAM has on record reaffirmed on quite a number of occasions that Ms WONG's overall work performance was good, but there was also no evidence to indicate that Mr KAM dismissed Ms WONG because of her refusal of his lunch invitation.

The Investigation Committee believes that although there is no information suggesting that Mr KAM had any intention to dismiss Ms WONG since he was rejected at the afternoon tea meeting, it is likely that Ms WONG's rejection of Mr KAM's advances to her has made it difficult, if not impossible, for them to work together subsequently. The Investigation Committee is unable to establish that Mr KAM has dismissed Ms WONG after she has rejected his expression of good feelings towards her, and therefore cannot form a view that Mr KAM was "unfair" in this matter.

Nevertheless, the Investigation Committee considers that even Mr KAM felt dissatisfied with the work performance of Ms WONG, he did not follow good personnel management practices by issuing warnings to Ms WONG, so as to give the employee the opportunity to make improvements. It was indeed improper for Mr KAM to have dismissed Ms WONG with immediate effect.

To sum up, the Investigation Committee finds that Mr KAM has made inconsistent remarks to the media and withheld key information from them, and concludes that as a result of this, the public was likely to have doubts about his integrity. The Investigation Committee also considers that to a certain extent, Mr KAM's misbehaviour has adversely impacted on the overall image of Legislative Council Members as well as that of the Legislative Council.

The Investigation Committee also finds that Mr KAM's expression of good feelings towards Ms WONG was inappropriate, and in so doing, he has caused pain to his subordinate and made their employer-employee relationship complicated and tense. Mr KAM's failure to take appropriate remedial actions had also led to the continued deterioration of their relationship and loss of mutual trust and co-operation which should have existed between them. In the end, Mr KAM resorted to dismissing Ms WONG with immediate effect even though she has not made any serious mistakes. The Investigation Committee expresses regrets at the behaviour of Mr KAM as a supervisor.

The Investigation Committee notes that the disqualification of a Member from the office is the most severe sanction that may be imposed on an individual Legislative Council Member, and has the effect of overturning the decision made by voters in an election. The Investigation Committee considers that Mr KAM's conduct was improper in that it failed to live up to the public's expectations on the integrity and ethical standards of a Legislative Council Member, but that his misconduct was not so grave as to warrant disqualification from the office as a Legislative Council Member. In other words, the facts as established do not, in the Investigation Committee's view, constitute sufficient grounds for the censure of Mr KAM under Article 79(7) of the Basic Law.

As it is the first time an investigation committee is established according to the relevant stipulations, the Investigation Committee considers that the Legislative Council should consolidate the experience drawn from this investigation and conduct a review on the mechanism for the disqualification of a Member from the office, including the number of Members required to initiate a censure motion, what evidence and information Members have to put forward when initiating the censure motion, and whether a preliminary investigation should be conducted to establish whether there is a *prima facie* case. The Legislative Council should consider afresh the need to review the current mechanism in order to ensure that there are appropriate mechanisms and proportionate sanctions for dealing with complaints against Members' misconduct of varying gravity, so as to safeguard the credibility of the Legislative Council.

President, I so submit the report, thank you President.

WRITTEN ANSWERS TO QUESTIONS**Fraudulent Insurance Claims**

1. **MR TOMMY CHEUNG** (in Chinese): *President, the Government has indicated that, through close collaboration between the insurance industry and other stakeholders to combat insurance fraud and reduce accidents, there will be room to lower insurance premiums if insurance claims could be reduced, thus alleviating the difficulties of small and medium enterprises in taking out insurance. However, I still received a lot of complaints from the catering sector recently that after they encountered fraudulent insurance claims for employment injury compensation and reported such cases to the police, their cases were turned away. In this connection, will the Government inform this Council:*

- (a) *of the respective number of cases accepted for investigation in each of the past three years by the Insurance Fraud Focus Group and the Maintenance and Champerty Focus Group set up by the Commercial Crime Bureau (CCB) of the police; and among such cases, of the respective numbers of those in which the persons involved were convicted as well as those which involved the catering sector;*
- (b) *of the circumstances under which front-line police officers will refer suspected fraudulent insurance claims received by them to the focus groups mentioned in part (a); how it ensures that front-line police officers will not turn away relevant cases merely based on their subjective judgment that the cases are too minor; and*
- (c) *how it steps up publicity efforts to help members of the sector know the channels and ways to seek assistance from the relevant focus groups of the police when they encounter suspected fraudulent insurance claims?*

SECRETARY FOR SECURITY (in Chinese): President,

- (a) To effectively tackle fraud cases in relation to the insurance industry, the CCB of the police has specifically set up two focus groups, namely "the Insurance Fraud Focus Group" and "the Maintenance

and Champerty Focus Group", for taking a pro-active approach in the prevention of and combat against cases involving insurance fraud and maintenance/champerty. Figures of reported cases of fraudulent insurance claims and maintenance/champerty received by the police and the number of prosecutions instituted in the past three years according to the record are at the Annex.

- (b) The usual practice of the police is that upon receipt of a fraud report, a front-line officer (generally a Duty Officer of the report room of a police station) will classify the case on the basis of its circumstances. If there are any criminal elements in the reported case, the front-line officer will, having regard to the district where the case has taken place and its complexity, refer it to the officers of the respective crime investigation units for conducting an investigation. Handling of minor criminal cases is not to be declined just because of the officer's subjectivity. Cases that are syndicated, complicated or involving a substantial amount of money will be handled by the relevant focus group of the CCB. The police are determined to rigorously pursue and conduct in-depth investigation into any cases which involve criminal offences. Prosecution will be instituted if there is sufficient evidence in order to bring the criminals to justice. Professional advice will be sought from the Department of Justice when necessary.
- (c) The police have been collaborating with the departments concerned to augment public awareness of fraud cases through press, radio and television announcements. To curb fraud cases, the police plan to work with a television station to produce a TV series in the "Police Magazine" on various types of fraud cases based on true stories, by which the public will take heed of the types and *modus operandi* of such cases, so that they will have greater knowledge and awareness of the serious consequences of fraud offences.

The police call on the public to report any criminal offences and provide relevant information. Appropriate follow-up actions will be taken in the light of the circumstances of each case.

Figures of Reported Cases of Fraudulent Insurance Claims and Maintenance/Champerty and Number of Prosecutions Instituted

Table 1: Fraudulent Insurance Claims

| | 2009 | 2010 | 2011 |
|-----------------------------------|------|------|----------------|
| Number of Reported Cases | 4 | 1 | 4 [#] |
| Number of Successful Prosecutions | 3 | 0 | - |

Note:

None of the above cases of fraudulent insurance claims involved the catering sector.

The four reported cases received in 2011 are still being processed.

Table 2: Maintenance/Champerty

| | 2009 | 2010 | 2011 |
|-----------------------------------|------|------|------|
| Number of Reported Cases | 3** | 1** | 0 |
| Number of Successful Prosecutions | - | - | 0 |

Note:

None of the above cases of maintenance/champerty involved the catering sector.

** One reported case received in 2009 and another in 2010 are still being processed.

Reporting of Sentinel and Serious Untoward Events in Public Hospitals

2. **MR WONG YUK-MAN** (in Chinese): *President, medical incidents occur in public hospitals one after another in recent years, resulting in the partial loss of functional capacity of quite a number of patients and even the loss of lives. The hospitals did not make announcement to the public and the media on the incidents on many occasions on the ground that such incidents were not among the types of events required to be reported under the Hospital Authority's (HA) sentinel and serious untoward events policy ("types of reportable events"). For instance, it was reported in February this year by the media that a doctor at Prince of Wales Hospital used a ventouse to extract a baby in the course of delivery in September last year, and the baby was later confirmed to have a*

cerebral haemorrhage, but the hospital denied that this was a medical incident and did not give an account of the incident to the public. In this connection, will the Government inform this Council whether it knows:

- (a) if the HA has any plan to revise the "types of reportable events" at present; if not, the reasons for that; and*
- (b) given that the HA currently requires public hospitals to report all sentinel and serious untoward events to the HA Head Office within 24 hours, what measures the HA has in place to ensure that the hospitals under it comply with the requirements of such reporting mechanism?*

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

- (a) and (b)

One of the characteristics of healthcare services is that the provision of services always involves collaboration among healthcare professionals of different disciplines and support of advanced technologies. With the innovation and advancement of medical technologies, treatment procedures have become more complex, and the risks involved have also increased. The change of a patient's conditions and the efficacy of treatment can be affected by a number of factors, including the emergence and development of symptoms, whether patient's condition is stable, whether the patient is suffering from other diseases, as well as the known risks of the treatment procedures, side-effects of drugs and emergence of complications, and so on. Take colonoscopy as an example. In the unfortunate event that the intestinal wall is pierced, it is necessary to conduct a detailed analysis to find out whether it is caused by known risks, complications, clinical conditions of the patient or human factors. Since not all treatment procedures can achieve 100% of their intended medical outcome, healthcare professionals will explain to the patient and his/her family members in detail the treatment procedures involved, including the known risks and possible complications, and so on, before the treatment is carried out.

On reporting and handling of medical incidents, the HA has since 2004 introduced an electronic Advanced Incidents Reporting System, to enable front-line staff to report incidents directly, thereby facilitating the hospitals concerned to take prompt actions to support the staff and patients involved. The HA subsequently implemented a Sentinel Event Policy in October 2007 with reference to international practice, to standardize the process for reporting, investigation and management of these medical incidents in public hospitals, and to require hospitals to report the nine categories of sentinel events listed in the Annex. In January 2010, the HA further improved the reporting mechanism by mandating the reporting of two more categories of serious untoward events, namely, medication error and misidentification of patient that could have led to death or permanent harm.

Under the HA's Sentinel and Serious Untoward Event Policy, the hospital concerned is required to report to the HA Head Office all sentinel and serious untoward events within 24 hours and immediately handle the incidents properly so as to minimize any possible harm caused to patients, their family members and the staff involved and provide them with the necessary support. For cases with immediate major impact on the public or involving patients' death, the HA will consider disclosing the events with a proper account of the events to the public.

At the same time, the HA will carry out a detailed analysis on each sentinel event and serious untoward event with a view to identifying the likely cause of the incident and formulating improvement measures to avoid recurrence of a similar incident. Each year, the HA Head Office will submit to the HA Board a report on sentinel events, which will also be released to the public. Internally, through staff training and the three-monthly "*Risk Alert*" newsletter, the HA shares among the healthcare professionals the experience of handling medical incidents. In addition, through the Chiefs of Service and teams of clinical departments, the HA will from time to time review the work and clinical competency of other doctors, in order to maintain professional standards.

The HA understands that good and effective clinical governance is the foundation for provision of quality healthcare services. Through professional accountability, the HA has always endeavoured to ensure the professional standards of its healthcare staff and continued improvement of its service quality, so as to enhance patient safety and reduce the risks of medical incidents. The existing policy and reporting mechanism of medical incidents of the HA is comparable to those of other advanced countries and regions. The transparency of the HA's relevant mechanism and integrity of the HA's healthcare workers are widely recognized by international experts. Nevertheless, the HA will continue to review its clinical governance system with reference to international standards.

Annex

Types of Events Required To Be Reported
Under the HA's Sentinel and Serious Untoward Events Policy

Sentinel events

1. Surgery/interventional procedure involving the wrong patient or body part
2. Retained instruments or other material after surgery/interventional procedure
3. ABO incompatibility blood transfusion
4. Medication error resulting in major permanent loss of function or death
5. Intravascular gas embolism resulting in death or neurological damage
6. Death of an in-patient from suicide (including home leave)
7. Maternal death or serious morbidity associated with labour or delivery
8. Infant discharged to wrong family or infant abduction

9. Other adverse events resulting in permanent loss of function or death (excluding complications)

Serious untoward events

1. Medication error which could have led to death or permanent harm
2. Patient misidentification which could have led to death or permanent harm

Compensation for Investors Holding Lehman Brothers-related Minibonds and Other Structured Financial Products

3. **MRS REGINA IP** (in Chinese): *President, it has been reported by overseas media that Lehman Brothers Holdings Inc. (LB Holdings), an investment bank which filed for bankruptcy protection, announced on 6 March this year that it had formally exited from the bankruptcy protection process which lasted for as long as three years, which means that LB Holdings may start selling its remaining assets (including bonds and real estate, and so on) step by step for settlement of its debts with various creditors. According to LB Holdings, the first group of payments, which is expected to exceed US\$10 billion, can be paid back to its creditors from 17 April this year onwards at the earliest. In Hong Kong, quite a number of investors, who still hold Lehman Brothers-related Minibonds and other structured financial products (the investors), have yet to obtain any compensation as they have not yet reached settlement agreements with the distributing banks of such products. In this connection, will the Government inform this Council whether:*

- (a) *the authorities have assessed if the aforesaid investors will obtain any compensation from LB Holdings; if such an assessment has been made, of the estimated time when the investors will receive their compensation; and*
- (b) *the Government will assist the investors in Hong Kong in striving for compensation from LB Holdings?*

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

The US\$10 billion mentioned in the questions is a sum of money that eligible creditors can claim on Lehman via the liquidation process. The investors' right to make a claim to the Lehman liquidator through the liquidation process and the actual repayment amount they may receive depends on whether the claims are considered eligible and the amounts involved in and the priority of other eligible claims.

There are various Lehman-related investment products distributed in Hong Kong, which can broadly be divided into three main categories:

- (i) The investment products that were arranged by Lehman and secured by collateral (including Lehman Minibonds)

Receivers appointed for the underlying collateral of these products have already put forward the claims to the liquidator on behalf of the investors. In fact, the Receivers of the underlying collateral of most Minibonds (that is, Minibonds series 10-12, 15-23 and 25-36) had reached settlement agreements with the Lehman liquidator and distributed the recovered amounts together with the ex gratia payment offered by the Distributing Banks to the investors.

- (ii) The investment products that were issued by Lehman but not secured by any collateral (for example, equity-linked notes)

The investment principals of these investors were claims against Lehman. Thus they are unsecured creditors of Lehman and can claim for repayment from the liquidator through the liquidation process.

In respect of this group of investors, the Hong Kong Monetary Authority (HKMA) has required Distributing Banks in Hong Kong to provide assistance, including setting up telephone hotlines and providing information relating to Lehman's liquidation process to help them in making claims. We understand that there are some cases in which the Distributing Bank had, upon the request and consent of the investors, made claims on behalf of the investors.

- (iii) Credit-linked notes, with Lehman as one of the reference entities, issued by third parties (non-Lehman entities) (for example, Octave notes)

The investment principals of these investors were not held by Lehman. Therefore, they are not Lehman's creditors and are thus ineligible for making claims to Lehman's liquidator. Besides, as a result of the occurrence of a credit event (with the collapse of Lehman being one of the reasons), the investors of most of these notes have lost all or part of their investment principals, and are ineligible for claims to Lehman's liquidator.

Since the processing of eligible creditors' claims by the liquidator of Lehman involves complex proceedings, it is unable to predict when the claimants in Hong Kong will receive the recovered amounts from the liquidator.

Many of the investors in the above three categories have already complained to the HKMA against the mis-selling practices by the Distributing Banks. The HKMA has finished handling over 99% of the complaints. As at mid-March, the investors of nearly 90% of these complaints have reached settlement agreements with the Distributing Banks.

Transport Connection and Other Ancillary Facilities for New Public Housing Estates in Kowloon Bay

4. **MR ALAN LEONG** (in Chinese): *President, while the occupants have been moving into the three new public housing estates (namely Choi Fook Estate, Choi Tak Estate and Choi Ying Estate) in Kowloon Bay one after another, some residents have relayed to me that the ancillary facilities in the district in respect of transport and daily necessities remain inadequate. In this connection, will the Government inform this Council:*

- (a) *given that at present the residents in the district only rely on public light bus routes 83A and 83M as well as several franchised bus routes for transport connection, and some residents have pointed out that their services are completely inadequate, causing inconvenience*

particularly to the elderly and chronic patients to travel in and out of the district, whether the Transport Department (TD) has carried out any transport and traffic assessment so as to ensure that the public transport service currently provided is sufficient to meet the needs of the population of the three new housing estates; if it has, of the conclusion; if not, the reasons for that;

- (b) whether the Government has requested the transport operators to re-align their franchised bus routes or public light bus routes which run through the district or its vicinity, so as to facilitate the residents to travel in and out of the district; if it has, of the details; if not, the reasons for that;*
- (c) given that the existing ancillary facilities in respect of daily necessities in the district comprise only large supermarkets and chain stores but lack small shops such as "tea restaurants" and grocery stores, and so on, that suit the standard of living of public housing tenants, whether the Government had considered matching the types of shops with the needs of the residents when planning for the relevant housing estates; if it had, whether it has assessed if there is a mismatch now; if it had not, of the reasons for that; and*
- (d) given that no basic ancillary facility for housing estates such as large wet market, and so on, has been completed so far since the occupation of the three housing estates, whether the Government has a timetable for building a wet market in the district; if it has, of the details; if not, the reasons for that?*

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

(a) and (b)

In planning for Choi Fook Estate, Choi Tak Estate and Choi Ying Estate, the Administration carried out an assessment on public transport services having regard to the planned population, roads and transport facilities. Advice from the TD and other government

departments on road and public transport facilities as well as the demand of residents for public transport services had been taken into consideration in the course of the exercise. The assessment recommended that the three estates should be served by franchised bus services to Hong Kong Island, Central Kowloon and Kwun Tong. There should also be green minibus (GMB) feeder services for interchange with the Mass Transit Railway (MTR) or other public transport modes. Furthermore, it was recommended that the barrier-free pedestrian walkway systems at the three estates should be strengthened so that residents can reach the MTR station nearby on foot in 10 to 12 minutes.

Upon the completion and occupation of the three estates, the TD has been liaising closely with the franchised bus companies and GMB operators for the gradual enhancement of public transport services for the area concerned. In doing so, the TD has drawn reference to the recommendations of the aforementioned assessment and taken into account the actual needs of the residents for public transport services.

At present, Choi Ying Estate is connected to Kowloon Bay MTR Station Exit B by a barrier-free pedestrian footbridge. It is also directly linked with Choi Tak Estate and Choi Fook Estate via elevators and a barrier-free pedestrian walkway system. Apart from using the barrier-free pedestrian walkway system to Kowloon Bay MTR Station, residents of the three estates can take GMB routes No. 83M (Choi Ying Estate — Ping Shek) or No. 83A (Choi Fook Estate — Ping Shek) to Ping Shek and Kowloon Bay MTR Station via trunk roads such as Ngau Tau Kok Road, Kwun Tong Road or New Clear Water Bay Road. They can then make use of the MTR or other public transport modes to go to all districts in Hong Kong.

The franchised bus companies have also been providing services through cross-harbour route No. 111P to Hong Kong Island Central (Choi Fook — Central (Macau Ferry Pier)), route No. 606P to Hong Kong Island East (Choi Wan — Siu Sai Wan (Island Resort)), Kowloon Motor Bus (KMB) route No. 9 (Choi Fook — Tsim Sha

Tsui Star Ferry Pier) which offers special services to Central Kowloon, and KMB route No. 14B (Choi Fook — Lam Tin (Kwong Tin)) which has been introduced in February 2012 to run special trips via Kwun Tong town centre. Separately, residents may opt for bus and minibus services that run along Ngau Tau Kok Road and Choi Wan Road for journeys to and from areas such as Hong Kong Island, Central Kowloon and Eastern New Territories.

The present public transport services for the three estates can generally cope with passenger demand. The TD will continue to monitor the situation. It will consider enhancing local public transport services in consultation with the franchised bus companies and GMB operators if necessary.

- (c) In planning for retail facilities for new estates, the Hong Kong Housing Authority would take into account different factors such as the planned population of new estates, their locations and the provision of retail facilities in the neighbouring areas, and so on. Generally speaking, new estates are provided with retail facilities that could meet the daily needs of the residents.

At present, the Choi Ying Place shopping centre in Choi Ying Estate comprises convenience stores, supermarkets, Hong Kong style cafes and medical clinic, and so on. The adjacent Choi Tak Shopping Centre in Choi Tak Estate also has various retail and services trades such as Chinese restaurant, Hong Kong style cafe, shop selling fresh/chilled, frozen and general provision, bakery, household store, medicine store, medical and dental clinics. The two commercial centres are intended to provide a range of outlets to satisfy and cater for the daily needs of residents in Choi Tak Estate, Choi Fook Estate and Choi Ying Estate.

Apart from these, there are other retail and commercial facilities in the private residential developments in Kowloon Bay, offering different kinds of retail and commercial services.

- (d) There are several markets (including Ngau Chi Wan Market, Ngau Tau Kok Market and two markets in Choi Wan Estate) in the vicinity

of Choi Tak Estate, Choi Fook Estate and Choi Ying Estate. They provide different kinds of fresh food to meet the needs of the residents. The Government currently has no plan to construct a new market in Kowloon Bay.

Resource Allocation for Local and Non-local Students Studying in Tertiary Institutions

5. **MR CHEUNG MAN-KWONG** (in Chinese): *President, regarding the utilization of education resources by local and non-local students, will the Government inform this Council:*

- (a) *whether it knows the respective numbers of local and non-local students of each University Grants Committee (UGC)-institution in each of the past three academic years, broken down by academic level and funding mode (that is, UGC-funded and self-financing modes) of programmes; the places of origin of the non-local students (set out in detail the Mainland cities, Asian cities or other regions, and so on, they are from);*
- (b) *whether it knows, in each of the past three academic years, the respective numbers of hostel places provided by each UGC-funded institution for local and non-local students, as well as the respective numbers of local and non-local students who had applied for and were allocated hostel places, broken down by academic level and funding mode of programmes;*
- (c) *regarding the policy that all undergraduate students should be given an opportunity to stay in student hostels for at least one year of their studies, that is, one-year hostel accommodation during the three-/four-year period of their studies, whether it knows, in the past three academic years as well as in the coming academic year, which funded institutions could not or may not be able to follow this policy to allocate hostel places to such students, as well as the number of those students not being offered at least one-year hostel accommodation during the three-/four-year period of their studies and the percentage of them in the total number of students of the*

institutions concerned; the solutions such institutions have put in place to solve the problem of not being able to allocate hostel places according to that policy;

- (d) whether it knows the average number of years of student hostel accommodation which can be arranged for each non-local student by each UGC-funded institution at present, broken down by academic level and funding mode of programmes;*
- (e) whether it knows the amounts of funding for scholarships allocated from public funds to various UGC-funded institutions in each of the past three academic years, the respective numbers of local and non-local students who had applied for and were awarded this type of scholarships as well as the amounts they received, and the respective percentages of these two types of students who were awarded such scholarships, broken down by academic level and funding mode of programmes; what monitoring mechanism the Government and UGC have put in place to ensure the impartiality of all UGC-funded institutions in assessing and allocating various scholarships; what mechanism each UGC-funded institution has put in place to handle grievances and complaints concerning the assessment and allocation of scholarship;*
- (f) whether it knows the policies or mechanism each UGC-funded institution has put in place to ensure that in approving and allocating study places, hostel accommodation and scholarships, the resources provided can first meet the needs of local students;*
- (g) given that it was proposed in the 2006-2007 Policy Address that an inter-bureau steering committee chaired by the Chief Secretary for Administration (the Steering Committee) would examine strategic issues relating to promoting Hong Kong as a regional education hub, and one of the issues under its purview was to consider whether the Government should provide hostel facilities or subsidize the provision of such facilities in the light of the lack of hostel facilities which had become the major barrier encountered by institutions in admitting non-local students, of the number of meetings the Steering Committee has held so far since its establishment; and whether it has*

offer any specific solution for addressing the demand for hostel places from non-local students; and

- (h) *whether the Government had, prior to promoting Hong Kong as an education hub or the education services, correspondingly increased the resources and formulated policies, so as to ensure that inadequate resources would not lead to conflict between local and non-local students; if it had, what relevant measures it had put in place; if not, the reasons for that?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) The numbers of local and non-local students attending publicly-funded and self-financing programmes in UGC-funded institutions in the past three academic years by institution, level of study and place of origin are set out at Annex 1.
- (b) According to the information provided by UGC-funded institutions, most hostel places (including publicly-funded, privately-funded and temporary) are provided to students of UGC-funded programmes, with only a small number allocated to students of self-financing programmes. For example, in the 2011-2012 academic year, among the 26 676 students allocated hostel places, 25 541 students are pursuing UGC-funded programmes while the remaining 1 135 students are pursuing self-financing programmes. The numbers of hostel places available for allocation by each institution, and the numbers of local and non-local students who applied for and were allocated hostel places by level of study in the 2009-2010 to 2011-2012 academic years are set out at Annex 2.
- (c), (d), (e) and (f)

Student enrolment

Under the existing policy, UGC-funded institutions may admit non-local students to their sub-degree, degree and taught postgraduate programmes up to a level not exceeding 20% of the

approved UGC-funded student number by level. This 20% comprises up to 4% within the UGC funded number and up to 16% outside the UGC-funded number. Since non-local students are primarily admitted by over-enrolment on top of the approved student number targets, they will not compete directly with local students. As long as institutions comply with the above policy, they may decide on the actual enrolment of non-local students, taking into account their own development needs and resources.

Student hostel places

Under the existing policy, the provision of publicly-funded hostel places for 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

(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 of hostel life in enhancing pre-service teacher education.

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 local students with accommodation needs as well as non-local students.

According to the institutions, they do not have statistics on the number of local undergraduate students who stay in hostels for at least one year of their courses since not all local undergraduate students apply for hostel places, and those who are interested in hostel life may not apply for hostel places every academic year during their studies. Nor have the institutions compiled figures on the average number of years that non-local students stay in hostels.

Scholarships

Currently, publicly-funded scholarships are awarded to students pursuing UGC-funded programmes under the Hong Kong PhD Fellowship Scheme (HKPFS) and the HKSAR Government Scholarship Fund (GSF). The HKPFS, established and administered by the Research Grants Council (RGC), aims at attracting the best and brightest postgraduate students in Hong Kong and other parts of the world to pursue research-based PhD programmes in UGC-funded institutions. The RGC considers all applications on an equal basis, without setting any quotas for local and overseas applicants. The awardees, be they local or overseas students, will receive a monthly stipend of \$20,000 and a conference and research related travel allowance of \$10,000 per year for a period of three years. Thus, each PhD student awarded the fellowship will receive \$750,000 in total.

The selection exercise of the HKPFS is centrally conducted by the RGC. The RGC will appoint a local expert and an overseas expert to assess initially each applicant nominated by the institutions, and the final decision will be made by a selection panel consisting of at least 10 overseas experts. All experts participating in the exercise

are required to declare their interest. To ensure impartiality in the selection process, local experts will not be arranged to assess applications from their respective institutions; nor will they be informed of the institutions that the applicants are attending. Applicants who are dissatisfied with the results may approach the RGC for a review.

Since the establishment of the HKPFS, three rounds of applications have been processed. Annex 3 sets out the numbers of local and non-local applicants and awardees in each round.

The objective of the GSF 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. Each academic year, the Government allocates funds from the GSF to 10 institutions (including the eight UGC-funded institutions, the Hong Kong Academy for Performing Arts and the Vocational Training Council) offering full-time publicly-funded programmes at sub-degree level and at degree level or above for the award of scholarships. For students at degree level or above, the annual scholarship is \$40,000 for local students and \$80,000 for non-local students. For sub-degree students, the annual scholarship is in the range from \$20,000 to \$30,000 for both local and non-local students.

Individual institutions have set up their own system of administering the scholarships under the GSF. All institutions receiving allocations from the GSF are required to submit an annual report to the Government to certify that the scholarship scheme is conducted in a fair, open and impartial manner. Applicants who are dissatisfied with the results may approach the relevant administrative departments/scholarship committees of their respective institutions for enquiries or complaints.

The numbers of local and non-local applicants and awardees as well as the total amounts of funds allocated under the GSF by institution in the past three years are set out at Annex 4.

Separately, the Government set up a \$2.5 billion Self-financing Post-secondary Education Fund (SPEF) in November 2011 to offer scholarships to students attending locally-accredited self-financing sub-degree or degree programmes and to support institutions in quality enhancement and quality assurance. A Self-financing Post-secondary Scholarship Scheme (SPSS) has been launched under the SPEF to award scholarships to outstanding students. Rigorous selection and monitoring mechanisms are put in place for the SPSS, and the Steering Committee of the SPEF determines the criteria for various awards and the distribution of scholarships. Participating institutions nominate eligible students according to the relevant criteria for assessment by a sub-committee under the Steering Committee. Since not many overseas students are enrolled in locally-accredited self-financing sub-degree or degree programmes, we expect that the awardees will mainly be local students.

- (g) The high-level steering committee chaired by the Chief Secretary for Administration has formulated policy direction on the development Hong Kong into a regional education hub, including the provision of boarding facilities for non-local students of UGC-funded and self-financing institutions.

Planning student hostels is an ongoing task undertaken by the Administration and UGC-funded institutions. The Administration has been encouraging the institutions to make the best use of their existing stock of student hostels and actively explore all possible options. Apart from greenfield sites, institutions will also consider making use of existing vacant or developed sites to meet new demand. The Administration and UGC will provide assistance to institutions through established channels as far as possible. In addition, the Administration has been exploring with UGC-funded institutions the development of off-campus joint hostels for shared use by the institutions in order to address the shortfall of hostel places.

As regards the self-financing sector, the Government has always supported institutions in their applications for sites for the

construction of campuses and ancillary facilities (including hostels) by providing land through the Land Grant Scheme for such purposes. With the Government's support, Hong Kong Shue Yan University, Chu Hai College of Higher Education and Hang Seng Management College have been granted land for the construction of campuses and hostels. In addition to providing land, the Government has also proposed to extend the ambit of the Start-up Loan Schem (SLS) to support the development of student hostels for the self-financing tertiary education sector and to increase the commitment of the SLS by \$2 billion.

- (h) To develop Hong Kong's education services, we have in recent years implemented or planned to implement an array of measures to internationalize and diversify the higher education sector. Regarding internationalization, we implemented in 2008 a basket of measures, including doubling the non-local student quota for publicly-funded programmes to 20%, establishing the \$1 billion GSF to provide government scholarships to outstanding local and non-local students, allowing non-local students to take up summer jobs and on-campus part-time jobs and enabling non-local students to stay in Hong Kong without limitations for 12 months after graduation. In 2011, the Administration injected \$250 million into the GSF to extend to students of publicly-funded sub-degree programmes. We propose to inject another \$1 billion into the Fund in 2012-2013 so as to establish more scholarships or award schemes for outstanding students, including both local and non-local students.

The increase in non-local student quota for publicly-funded post-secondary programmes to 20% will not result in additional recurrent costs for the Government, as the recurrent expenditure incurred in providing the additional student places will be met by institutions from tuition fees received and other income sources. As a general rule, UGC-funded institutions should charge non-local students tuition fees at a level which is at least sufficient to recover all additional direct costs for operating non-publicly funded places.

Annex 1

Table 1 : Number of students enrolled in each UGC-funded institutions by level of study and place of origin (UGC-funded programmes), 2009-2010 to 2011-2012 academic years

| Institution | Level of study | 2009-2010 | | | | | | 2010-2011 | | | | | | 2011-2012 (Provisional figures) | | | | | |
|--------------------------------------|-----------------------|----------------|-------------------|--|--|--------|----------------|-------------------|--|--|--------|----------------|-------------------|--|--|--------|--|--|--|
| | | Local Students | Mainland students | Students from other areas in Asia [#] | Students from other regions [#] | Total | Local Students | Mainland students | Students from other areas in Asia [#] | Students from other regions [#] | Total | Local Students | Mainland students | Students from other areas in Asia [#] | Students from other regions [#] | Total | | | |
| City University of Hong Kong | Sub-degree | 927 | - | - | - | 927 | 900 | - | - | - | 900 | 1 102 | - | - | - | 1 102 | | | |
| | Undergraduate | 7 858 | 636 | 31 | 20 | 8 545 | 7 905 | 624 | 64 | 27 | 8 620 | 7 891 | 590 | 88 | 25 | 8 594 | | | |
| | Taught Postgraduate | 50 | 3 | - | 3 | 56 | 48 | 2 | - | 2 | 52 | 43 | 6 | - | 4 | 53 | | | |
| Hong Kong Baptist University | Research Postgraduate | 132 | 420 | 13 | 10 | 575 | 129 | 498 | 20 | 13 | 660 | 110 | 524 | 25 | 19 | 678 | | | |
| | Sub-total | 8 967 | 1 059 | 44 | 33 | 10 103 | 8 982 | 1 124 | 84 | 42 | 10 232 | 9 146 | 1 120 | 113 | 48 | 10 427 | | | |
| | Undergraduate | 4 307 | 428 | 6 | 2 | 4 743 | 4 341 | 437 | 7 | 1 | 4 786 | 4 334 | 450 | 8 | 1 | 4 793 | | | |
| Lingnan University | Taught Postgraduate | 596 | 2 | - | - | 598 | 529 | 3 | - | 532 | 529 | 3 | - | - | - | 532 | | | |
| | Research Postgraduate | 75 | 149 | - | 1 | 225 | 69 | 153 | 10 | 6 | 238 | 56 | 148 | 9 | 9 | 222 | | | |
| | Sub-total | 4 978 | 579 | 6 | 3 | 5 566 | 4 939 | 593 | 17 | 7 | 5 556 | 4 919 | 601 | 17 | 10 | 5 547 | | | |
| The Chinese University of Hong Kong | Undergraduate | 2 136 | 180 | 12 | 10 | 2 338 | 2 021 | 191 | 15 | 6 | 2 233 | 1 963 | 168 | 16 | 5 | 2 152 | | | |
| | Research Postgraduate | 30 | 27 | - | - | 57 | 32 | 24 | 2 | 1 | 59 | 26 | 26 | 6 | 4 | 62 | | | |
| | Sub-total | 2 166 | 207 | 12 | 10 | 2 395 | 2 053 | 215 | 17 | 7 | 2 292 | 1 989 | 194 | 22 | 9 | 2 214 | | | |
| The Hong Kong Institute of Education | Undergraduate | 10 030 | 848 | 99 | 35 | 11 012 | 10 205 | 852 | 115 | 41 | 11 213 | 10 383 | 911 | 158 | 52 | 11 504 | | | |
| | Taught Postgraduate | 987 | 4 | - | 1 | 992 | 989 | 8 | 1 | 3 | 1 001 | 1 127 | 9 | 2 | 2 | 1 140 | | | |
| | Research Postgraduate | 645 | 997 | 19 | 17 | 1 678 | 603 | 1 053 | 23 | 21 | 1 700 | 568 | 1 109 | 32 | 25 | 1 734 | | | |
| The Hong Kong Institute of Education | Sub-total | 11 662 | 1 849 | 118 | 53 | 13 682 | 11 797 | 1 913 | 139 | 65 | 13 914 | 12 078 | 2 029 | 192 | 79 | 14 378 | | | |
| | Sub-degree | 1 935 | - | - | - | 1 935 | 1 943 | - | - | - | 1 943 | 3 253 | - | - | - | 3 253 | | | |
| | Undergraduate | 3 608 | 227 | - | - | 3 835 | 3 904 | 242 | 4 | - | 4 150 | 4 200 | 211 | 5 | - | 4 416 | | | |
| The Hong Kong Institute of Education | Taught Postgraduate | 807 | 9 | - | - | 816 | 865 | 8 | - | - | 873 | 858 | 10 | 1 | 1 | 870 | | | |
| | Research Postgraduate | - | - | - | - | - | 4 | 6 | - | - | 10 | 8 | 18 | 2 | 1 | 29 | | | |
| | Sub-total | 6 350 | 236 | - | - | 6 586 | 6 716 | 256 | 4 | - | 6 976 | 8 319 | 239 | 8 | 2 | 8 568 | | | |

| Institution | Level of study | 2009-2010 | | | | 2010-2011 | | | | 2011-2012 (Provisional figures) | | | | | | |
|--|-----------------------|----------------|-------------------|--|--|-----------|----------------|-------------------|--|--|--------|----------------|-------------------|--|--|--------|
| | | Local Students | Mainland students | Students from other areas in Asia [#] | Students from other regions [#] | Total | Local Students | Mainland students | Students from other areas in Asia [#] | Students from other regions [#] | Total | Local Students | Mainland students | Students from other areas in Asia [#] | Students from other regions [#] | Total |
| The Hong Kong Polytechnic University | Sub-degree | 4 141 | 2 | 2 | 2 | 4 147 | 4 135 | 2 | 1 | 2 | 4 140 | 3 919 | - | 1 | 1 | 3 921 |
| | Undergraduate | 8 899 | 818 | 50 | 23 | 9 790 | 8 971 | 848 | 70 | 31 | 9 920 | 8 993 | 801 | 113 | 38 | 9 945 |
| | Taught Postgraduate | 136 | - | - | - | 136 | 56 | - | - | - | 56 | 26 | - | - | - | 26 |
| | Research Postgraduate | 204 | 392 | 22 | 9 | 627 | 191 | 383 | 29 | 13 | 616 | 166 | 390 | 37 | 17 | 610 |
| The Hong Kong University of Science and Technology | Sub-total | 13 380 | 1 212 | 74 | 34 | 14 700 | 13 353 | 1 233 | 100 | 46 | 14 732 | 13 104 | 1 191 | 151 | 56 | 14 502 |
| | Undergraduate | 5 345 | 517 | 108 | 34 | 6 004 | 5 411 | 497 | 192 | 51 | 6 151 | 5 573 | 474 | 280 | 62 | 6 389 |
| | Research Postgraduate | 263 | 754 | 30 | 11 | 1 058 | 224 | 796 | 45 | 18 | 1 083 | 167 | 902 | 69 | 28 | 1 166 |
| | Sub-total | 5 608 | 1 271 | 138 | 45 | 7 062 | 5 635 | 1 293 | 237 | 69 | 7 234 | 5 740 | 1 376 | 349 | 90 | 7 555 |
| The University of Hong Kong | Undergraduate | 9 236 | 908 | 130 | 69 | 10 343 | 9 209 | 947 | 254 | 82 | 10 492 | 9 162 | 977 | 389 | 91 | 10 619 |
| | Taught Postgraduate | 982 | 17 | 12 | 2 | 1 013 | 1 026 | 22 | 11 | 5 | 1 064 | 1 016 | 27 | 14 | 8 | 1 065 |
| | Research Postgraduate | 890 | 1 091 | 62 | 59 | 2 102 | 804 | 1 128 | 87 | 77 | 2 096 | 704 | 1 181 | 100 | 85 | 2 071 |
| | Sub-total | 11 108 | 2 016 | 204 | 130 | 13 458 | 11 039 | 2 097 | 352 | 164 | 13 652 | 10 882 | 2 185 | 503 | 184 | 13 755 |
| Total | Sub-degree | 7 003 | 2 | 2 | 2 | 7 009 | 6 978 | 2 | 1 | 2 | 6 983 | 8 274 | - | 1 | 1 | 8 276 |
| | Undergraduate | 51 419 | 4 562 | 436 | 193 | 56 610 | 51 967 | 4 638 | 721 | 239 | 57 565 | 52 499 | 4 582 | 1 057 | 274 | 58 412 |
| | Taught Postgraduate | 3 558 | 35 | 12 | 6 | 3 611 | 3 513 | 43 | 12 | 10 | 3 578 | 3 599 | 55 | 17 | 15 | 3 686 |
| | Sub-total | 2 239 | 3 830 | 146 | 107 | 6 322 | 2 056 | 4 041 | 216 | 149 | 6 462 | 1 805 | 4 298 | 280 | 188 | 6 572 |
| Total | Research Postgraduate | 64 219 | 8 429 | 596 | 308 | 73 552 | 64 514 | 8 724 | 950 | 400 | 74 588 | 66 177 | 8 935 | 1 355 | 478 | 76 946 |
| | Total | | | | | | | | | | | | | | | |

Notes:

- (1) Figures of research postgraduate students refer to students funded by UGC within their normal study periods.
- (2) ^ Other areas in Asia include Korea, Malaysia, Taiwan, India, Macau, and so on.
- (3) # Other regions include the United States, Canada, Portugal, Germany, the United Kingdom, and so on.

Table 2 : Number of students enrolled in each UGC-funded institutions by level of study and place of origin (self-financing programmes), 2009-2010 to 2011-2012 academic years

| Institution | Level of Study | 2009-2010 | | | 2010-2011 | | | 2011-2012 (Provisional figures) | | | (Number of students) | | | | |
|--------------------------------------|----------------|------------------------------|-------------------|--|----------------|-------------------|--|---------------------------------|-------------------|--|----------------------|-------------------|--|-------|--------|
| | | Local students | Mainland students | Students from other areas in Asia [^] | Local students | Mainland students | Students from other areas in Asia [^] | Local students | Mainland students | Students from other areas in Asia [^] | Local students | Mainland students | Students from other regions [#] | Total | |
| | | City University of Hong Kong | Sub-degree | 6 636 | 41 | - | 6 682 | 7 111 | 31 | 6 712 | 7 145 | 3 | 6 712 | 27 | 6 742 |
| Hong Kong Baptist University | Undergraduate | 666 | - | - | 666 | 662 | - | 689 | 662 | - | 689 | 4 | 693 | - | 693 |
| | Sub-total | 7 302 | 41 | - | 7 348 | 7 773 | 31 | 7 401 | 7 807 | 3 | 7 401 | 31 | 7 435 | 3 | 7 435 |
| Lingnan University | Sub-degree | 2 287 | 130 | - | 2 418 | 3 290 | 171 | 3 227 | 3 464 | - | 3 227 | 205 | 3 438 | 2 | 3 438 |
| | Undergraduate | 642 | 18 | - | 660 | 886 | 37 | 963 | 923 | - | 963 | 50 | 1 013 | - | 1 013 |
| The Chinese University of Hong Kong | Sub-degree | 2 929 | 148 | - | 3 078 | 4 176 | 208 | 4 690 | 4 387 | - | 4 690 | 255 | 4 951 | 2 | 4 951 |
| | Undergraduate | 1 425 | 64 | - | 1 489 | 2 266 | 55 | 3 089 | 2 321 | - | 3 089 | 64 | 3 153 | - | 3 153 |
| The Hong Kong Institute of Education | Sub-degree | 85 | 4 | - | 89 | 85 | 13 | 31 | 98 | - | 31 | 10 | 41 | - | 41 |
| | Sub-total | 1 510 | 68 | - | 1 578 | 2 351 | 68 | 3 120 | 2 419 | - | 3 120 | 74 | 3 194 | - | 3 194 |
| The Hong Kong Polytechnic University | Sub-degree | 2 666 | 25 | - | 2 691 | 3 162 | 13 | 3 324 | 3 176 | 1 | 3 324 | 15 | 3 341 | - | 3 341 |
| | Sub-total | 2 666 | 25 | - | 2 691 | 3 162 | 13 | 3 324 | 3 176 | 1 | 3 324 | 15 | 3 341 | - | 3 341 |
| The Hong Kong Institute of Education | Sub-degree | 371 | 19 | - | 390 | 554 | 9 | 707 | 563 | - | 707 | 11 | 719 | - | 719 |
| | Undergraduate | 60 | 6 | - | 66 | 122 | 11 | 417 | 133 | - | 417 | 21 | 439 | 1 | 439 |
| The Hong Kong Polytechnic University | Sub-degree | 431 | 25 | - | 456 | 676 | 20 | 1 124 | 696 | - | 1 124 | 32 | 1 158 | 1 | 1 158 |
| | Sub-total | 6 258 | 40 | - | 6 299 | 6 873 | 30 | 7 860 | 6 904 | 1 | 7 860 | 25 | 7 887 | 2 | 7 887 |
| The University of Hong Kong | Sub-degree | 2 183 | 36 | - | 2 220 | 2 718 | 44 | 2 923 | 2 765 | 3 | 2 923 | 90 | 3 017 | 4 | 3 017 |
| | Sub-total | 8 441 | 76 | - | 8 519 | 9 591 | 74 | 10 783 | 9 669 | 4 | 10 783 | 115 | 10 904 | 6 | 10 904 |
| The University of Hong Kong | Sub-degree | 5 720 | 61 | - | 5 781 | 6 388 | 68 | 5 682 | 6 458 | 1 | 5 682 | 88 | 5 777 | 6 | 5 777 |
| | Sub-total | 5 720 | 61 | - | 5 781 | 6 388 | 68 | 5 682 | 6 458 | 1 | 5 682 | 88 | 5 777 | 6 | 5 777 |
| Total | Sub-degree | 25 363 | 380 | - | 25 750 | 29 644 | 377 | 31 101 | 30 031 | 6 | 31 101 | 435 | 31 557 | 13 | 31 557 |
| | Undergraduate | 3 636 | 64 | - | 3 701 | 4 473 | 105 | 5 023 | 4 581 | 3 | 5 023 | 175 | 5 203 | 5 | 5 203 |
| | Total | 28 999 | 444 | - | 29 451 | 34 117 | 482 | 36 124 | 34 612 | 9 | 36 124 | 610 | 36 760 | 18 | 36 760 |

Notes:

- (1) Figures include students of full-time accredited self-financing sub-degree and undergraduate programmes. Figures of postgraduate students by place of origin are not available.
- (2) The Hong Kong University of Science and Technology does not offer any self-financing programmes.
- (3) ^ Other areas in Asia include Taiwan, Macau, and so on.
- (4) # Detailed breakdowns of students from other regions are not available.

Annex 2

Number of hostel places available for allocation by UGC-funded institutions, and number of local and non-local students who applied for and were allocated hostel places by level of study

| Institution | Level of Study | 2009-2010 | | | 2010-2011 | | | 2011-2012 | | | | | |
|--------------------------------------|----------------|---|-------------------------------------|--|-------------------------------------|--|-------------------------------------|--|-------------------------------------|--|-------------------------------------|--|--|
| | | Local students | | Non-local students | | Local students | | Non-local students | | Local students | | Non-local students | |
| | | Number of hostel places available for allocation ⁽¹⁾ | Number of applicants ⁽²⁾ | Number of students allocated hostel places | Number of applicants ⁽²⁾ | Number of students allocated hostel places | Number of applicants ⁽²⁾ | Number of students allocated hostel places | Number of applicants ⁽²⁾ | Number of students allocated hostel places | Number of applicants ⁽²⁾ | Number of students allocated hostel places | |
| City University of Hong Kong | Undergraduate | 2 700 | 1 249 | | 2 838 | 1 212 | | 2 883 | 1 241 | | 2 883 | 1 241 | |
| | Research | | | 2 941 | | | 2 941 | | | 2 941 | | 2 941 | |
| | Postgraduate | 35 | 22 | 2 503 | 13 | 10 | 2 810 | 12 | 10 | 1 921 | 1 921 | 1 676 | |
| | Others | 9 | 7 | | 4 | 4 | | 3 | 2 | | | | |
| Hong Kong Baptist University | Undergraduate | 1 361 | 994 | | 1 360 | 995 | | 1 572 | 1 038 | | 1 572 | 1 038 | |
| | Research | | | 1 863 | | | 1 852 | | | 2 016 | | 2 016 | |
| | Postgraduate | 0 | 0 | 1 216 | 1 | 1 | 856 | 1 | 1 | 1 383 | 1 383 | 977 | |
| | Others | 0 | 0 | | 0 | 0 | | 0 | 0 | | | | |
| Lingnan University | Undergraduate | 1 495 | 1 152 | | 1 431 | 1 169 | | 1 490 | 1 166 | | 1 490 | 1 166 | |
| | Research | | | 1 500 | | | 1 500 | | | 328 | | 328 | |
| | Postgraduate | 10 | 10 | 338 | 9 | 9 | 322 | 6 | 6 | 328 | 328 | 328 | |
| | Others | 0 | 0 | | 0 | 0 | | 0 | 0 | | | | |
| The Chinese University of Hong Kong | Undergraduate | 5 488 | 3 475 | | 5 410 | 3 477 | | 5 478 | 4 114 | | 5 478 | 4 114 | |
| | Research | | | 5 722 | | | 5 727 | | | 6 787 | | 6 787 | |
| | Postgraduate | 152 | 64 | 2 540 | 115 | 58 | 2 620 | 92 | 50 | 2 737 | 2 737 | 2 602 | |
| | Others | 19 | 15 | | 6 | 6 | | 38 | 0 | | | | |
| The Hong Kong Institute of Education | Undergraduate | 1 186 | 1 156 | | 1 383 | 1 103 | | 1 824 | 1 439 | | 1 824 | 1 439 | |
| | Research | | | 1 870 | | | 1 870 | | | 344 | | 344 | |
| | Postgraduate | 0 | 0 | 320 | 1 | 1 | 477 | 6 | 6 | 344 | 344 | 344 | |
| | Others | 285 | 285 | | 293 | 253 | | 224 | 144 | | 224 | 144 | |
| The Hong Kong Polytechnic University | Undergraduate | 1 871 | 1 457 | | 2 192 | 1 355 | | 2 437 | 1 309 | | 2 437 | 1 309 | |
| | Research | | | 3 004 | | | 3 004 | | | 1 788 | | 1 788 | |
| | Postgraduate | 5 | 5 | 1 645 | 7 | 7 | 1 648 | 9 | 7 | 1 788 | 1 788 | 1 688 | |
| | Others | 149 | 0 | | 227 | 0 | | 0 | 0 | | 0 | 0 | |

| Institution | Level of Study | 2009-2010 | | | | 2010-2011 | | | | 2011-2012 | | | |
|--|----------------|-------------------------------------|--|-------------------------------------|--|-------------------------------------|--|-------------------------------------|--|-------------------------------------|--|-------------------------------------|--|
| | | Local students | | Non-local students | | Local students | | Non-local students | | Local students | | Non-local students | |
| | | Number of applicants ⁽¹⁾ | Number of students allocated hostel places | Number of applicants ⁽²⁾ | Number of students allocated hostel places | Number of applicants ⁽²⁾ | Number of students allocated hostel places | Number of applicants ⁽²⁾ | Number of students allocated hostel places | Number of applicants ⁽²⁾ | Number of students allocated hostel places | Number of applicants ⁽²⁾ | Number of students allocated hostel places |
| Hong Kong University of Science and Technology | Undergraduate | 3 303 | 2 130 | | | 3 468 | 2 058 | | | 3 838 | 1 918 | | |
| | Research | 61 | 29 | 2 285 | 2 023 | 34 | 15 | 2 400 | 2 169 | 46 | 21 | 2 534 | 2 296 |
| | Postgraduate | 41 | 35 | | | 40 | 33 | | | 10 | 10 | | |
| The University of Hong Kong | Undergraduate | 4 778 | 2 456 | | | 4 858 | 2 452 | | | 4 773 | 2 456 | | |
| | Research | 206 | 67 | 3 369 | 1 717 | 115 | 51 | 3 515 | 1 748 | 155 | 35 | 3 646 | 1 740 |
| | Postgraduate | 139 | 49 | | | 155 | 41 | | | 149 | 52 | | |
| Total | Undergraduate | 22 182 | 14 069 | | | 22 940 | 13 821 | | | 24 295 | 14 681 | | |
| | Research | 469 | 197 | 14 216 | 10 615 | 295 | 152 | 15 031 | 11 089 | 327 | 136 | 14 681 | 11 651 |
| | Postgraduate | 642 | 391 | | | 725 | 337 | | | 424 | 208 | | |
| | Total | 23 293 | 14 657 | | | 23 960 | 14 310 | | | 25 046 | 15 025 | | |

Notes:

- (1) Figures include publicly-funded, privately-funded and temporary hostel places available for allocation.
- (2) Figures include applications submitted by local students enrolled in UGC-funded programmes and non-UGC-funded programmes.
- (3) Figures include applications submitted by non-local students enrolled in UGC-funded programmes and non-UGC-funded programmes, including applications submitted by exchange students. Figures of non-local students who applied for hostel places by level of study are not available.

Annex 3

Hong Kong PhD Fellowship Scheme
Number of local and non-local applicants and awardees by institution

| | | <i>First round (for application in 2009-2010)</i> | | <i>Second round (for application in 2010-2011)</i> | | <i>Third round* (for application in 2011-2012)</i> | |
|---|---------------|---|---------------------------|--|---------------------------|--|---------------------------|
| | | <i>Local students</i> | <i>Non-local students</i> | <i>Local students</i> | <i>Non-local students</i> | <i>Local students</i> | <i>Non-local students</i> |
| Number of applicants ^{#(a)} | | 151 | 2 845 | 205 | 3 819 | 179 | 4 074 |
| Number of awardees | CityU | - | 5 | - | 5 | - | 20 |
| | HKBU | - | 3 | - | 4 | - | 8 |
| | LU | - | 1 | - | 3 | - | 8 |
| | CUHK | 4 | 23 | 1 | 27 | 5 | 29 |
| | HKIEd | - | - | - | - | - | - |
| | PolyU | 1 | 11 | 1 | 12 | 1 | 28 |
| | HKUST | - | 31 | 2 | 28 | 1 | 51 |
| | HKU | 5 | 16 | 6 | 24 | 11 | 37 |
| | Sub-total (b) | 10 | 90 | 10 | 103 | 18 | 181 |
| Ratio of awardees to applicants [(b)/(a)] | | 6.6% | 3.2% | 4.9% | 2.7% | 10% | 4.4% |

Notes:

- # Since applicants have not yet been admitted by institutions during the application stage and they can apply for up to two institutions, application figures by institution are not available.
- * Provisional figures. Awardees were selected in early March 2012. They are required to inform the RGC by late March whether they will accept the scholarship.

Annex 4

Number of local and non-local applicants and awardees as well as the amount of funds allocated under the HKSAR Government Scholarship Fund

| | 2009-2010 | | | 2010-2011 | | | 2011-2012 | | |
|---------------------------------|-----------------------|--------------------|-------|-----------------------|--------------------|-------|-----------------------|--------------------|-------|
| | Degree level or above | | | Degree level or above | | | Degree level or above | | |
| | Local students | Non-local students | Total | Local students | Non-local students | Total | Local students | Non-local students | Total |
| Number of applicants | 81 | 106 | 187 | 61 | 88 | 149 | 69 | 50 | 119 |
| Number of awardees | 17 | 34 | 51 | 21 | 42 | 63 | 41 | 27 | 68 |
| Ratio of awardees to applicants | 21% | 32% | - | 34% | 48% | - | 59% | 54% | - |
| Amount of funds allocated (\$) | 3,400,000 | | | 4,200,000 | | | 3,800,000 | | |
| Number of applicants | 201 | 38 | 239 | 33 | 28 | 61 | 37 | 26 | 63 |
| Number of awardees | 33 | 8 | 41 | 29 | 15 | 44 | 22 | 18 | 40 |
| Ratio of awardees to applicants | 16% | 21% | - | 88% | 54% | - | 59% | 69% | - |
| Amount of funds allocated (\$) | 1,920,000 | | | 2,360,000 | | | 2,320,000 | | |
| Number of applicants | 39 | 18 | 57 | 26 | 11 | 37 | 22 | 96 | 118 |
| Number of awardees | 11 | 6 | 17 | 11 | 7 | 18 | 10 | 8 | 18 |
| Ratio of awardees to applicants | 28% | 33% | - | 42% | 64% | - | 45% | 8% | - |
| Amount of funds allocated (\$) | 920,000 | | | 1,000,000 | | | 1,040,000 | | |
| | | | | | | | 120,000 | | |
| | | | | | | | 50% | | |
| | | | | | | | - | | |

| | | 2009-2010 | | | | | | 2010-2011 | | | | | | 2011-2012 | | | | | |
|--------------------------------------|------------------------------------|-----------------------|--------------------|-------|-----------------------|--------------------|-------|-----------------------|--------------------|-------|-----------------------|--------------------|-------|-------------------|--------------------|-------|--|--|--|
| | | Degree level or above | | | Degree level or above | | | Degree level or above | | | Degree level or above | | | Sub-degree level* | | | | | |
| | | Local students | Non-local students | Total | Local students | Non-local students | Total | Local students | Non-local students | Total | Local students | Non-local students | Total | Local students | Non-local students | Total | | | |
| The Chinese University of Hong Kong | Number of applicants | 85 | 63 | 148 | 113 | 73 | 186 | 102 | 62 | 164 | - | - | - | - | - | | | | |
| | Number of awardees | 41 | 40 | 81 | 50 | 50 | 100 | 53 | 49 | 102 | - | - | - | - | - | | | | |
| | Ratio of awardees to applicants | 48% | 63% | - | 44% | 68% | - | 52% | 79% | - | - | - | - | - | - | | | | |
| | Amount of funds allocated (\$) | 4,800,000 | | | 5,940,000 | | | 6,040,000 | | | | | | - | | | | | |
| The Hong Kong Institute of Education | Number of applicants | 14 | 8 | 22 | 29 | 17 | 46 | 19 | 9 | 28 | 3 | - | - | 3 | | | | | |
| | Number of awardees | 10 | 6 | 16 | 12 | 8 | 20 | 14 | 8 | 22 | 3 | - | - | 3 | | | | | |
| | Ratio of awardees to applicants | 71% | 75% | - | 41% | 47% | - | 74% | 89% | - | 100% | - | - | - | - | | | | |
| | Amount of funds allocated (\$) | 880,000 | | | 1,120,000 | | | 1,200,000 | | | | | | 60,000 | | | | | |
| The Hong Kong Polytechnic University | Number of applicants | 53 | 21 | 74 | 79 | 35 | 114 | 130 | 54 | 184 | 35 | - | - | 35 | | | | | |
| | Number of awardees | 53 | 21 | 74 | 61 | 28 | 89 | 74 | 21 | 95 | 15 | - | - | 15 | | | | | |
| | Ratio of awardees to applicants | 100% | 100% | - | 77% | 80% | - | 57% | 39% | - | 43% | - | - | - | - | | | | |
| | Amount of scholarship awarded (\$) | 3,800,000 | | | 4,680,000 | | | 4,640,000 | | | | | | 390,000 | | | | | |
| The Hong Kong Science and Technology | Number of applicants | 47 | 10 | 57 | 47 | 49 | 96 | 47 | 50 | 97 | - | - | - | - | | | | | |
| | Number of awardees | 47 | 10 | 57 | 38 | 23 | 61 | 29 | 28 | 57 | - | - | - | - | | | | | |
| | Ratio of awardees to applicants | 100% | 100% | - | 81% | 47% | - | 62% | 56% | - | - | - | - | - | | | | | |
| | Amount of scholarship awarded (\$) | 2,660,000 | | | 3,340,000 | | | 3,340,000 | | | | | | - | | | | | |

| | 2009-2010 | | | 2010-2011 | | | 2011-2012 | | |
|------------------------------------|-----------------------|--------------------|-------|-----------------------|--------------------|-------|-----------------------|--------------------|-------|
| | Degree level or above | | | Degree level or above | | | Degree level or above | | |
| | Local students | Non-local students | Total | Local students | Non-local students | Total | Local students | Non-local students | Total |
| Number of applicants | 350 | 34 | 384 | 375 | 50 | 425 | 427 | 98 | 525 |
| Number of awardees | 70 | 26 | 96 | 67 | 43 | 110 | 52 | 50 | 102 |
| Ratio of awardees to applicants | 20% | 76% | - | 18% | 86% | - | 12% | 51% | - |
| Amount of scholarship awarded (\$) | 4,880,000 | | | 6,120,000 | | | 6,080,000 | | |
| Number of applicants | 5 | 5 | 10 | 23 | 9 | 32 | 12 | 9 | 21 |
| Number of awardees | 4 | 4 | 8 | 5 | 4 | 9 | 5 | 5 | 10 |
| Ratio of awardees to applicants | 80% | 80% | - | 22% | 44% | - | 42% | 56% | - |
| Amount of scholarship awarded (\$) | 480,000 | | | 520,000 | | | 600,000 | | |
| Number of applicants | - | - | - | - | - | - | - | - | - |
| Number of awardees | - | - | - | - | - | - | - | - | - |
| Ratio of awardees to applicants | - | - | - | - | - | - | - | - | - |
| Amount of scholarship awarded (\$) | - | | | - | | | - | | |
| Number of applicants | 875 | 303 | 1,178 | 786 | 360 | 1,103 | 878 | 483 | 1,361 |
| Number of awardees | 286 | 155 | 441 | 294 | 220 | 514 | 300 | 214 | 514 |
| Ratio of awardees to applicants | 33% | 51% | - | 37% | 61% | - | 34% | 44% | - |
| Amount of scholarship awarded (\$) | 23,740,000 | | | 29,280,000 | | | 29,060,000 | | |
| Number of applicants | | | | | | | | | |
| Number of awardees | | | | | | | | | |
| Ratio of awardees to applicants | | | | | | | | | |
| Amount of scholarship awarded (\$) | 2,367,000 | | | | | | | | |
| Number of applicants | | | | | | | | | |
| Number of awardees | | | | | | | | | |
| Ratio of awardees to applicants | | | | | | | | | |
| Amount of scholarship awarded (\$) | 2,990,000 | | | | | | | | |

Enhancing Employment of Persons with Disabilities

6. **MR CHEUNG KWOK-CHE** (in Chinese): *President, with respect to vocational rehabilitation service, 15 social service units are at present participating in Sunnyway — On the Job Training Programme for Young People with Disabilities (Sunnyway) to provide supported employment services to young people with disabilities or early signs of mental illness, with a view to enhancing their employability. Some members of the sector have reflected that as Sunnyway only targets at young people aged between 15 to 25, the number of participants of the programme is smaller than expected. In this connection, will the Government inform this Council:*

- (a) *of the original estimate of places that may be offered under Sunnyway and the actual number of participants in each of the past three years, broken down by the social service unit participating in Sunnyway and set out in the table below;*

| <i>The names of the social service units participating in Sunnyway</i> | <i>2009-2010</i> | | <i>2010-2011</i> | | <i>2011-2012</i> | |
|--|---|---|---|---|---|---|
| | <i>Estimated numbers of places to be offered under Sunnyway</i> | <i>Actual numbers of participants of Sunnyway</i> | <i>Estimated numbers of places to be offered under Sunnyway</i> | <i>Actual numbers of participants of Sunnyway</i> | <i>Estimated numbers of places to be offered under Sunnyway</i> | <i>Actual numbers of participants of Sunnyway</i> |
| <i>1</i> | | | | | | |
| <i>2</i> | | | | | | |
| <i>3</i> | | | | | | |
| <i>4</i> | | | | | | |
| <i>5</i> | | | | | | |
| <i>6</i> | | | | | | |
| <i>7</i> | | | | | | |
| <i>8</i> | | | | | | |
| <i>9</i> | | | | | | |
| <i>10</i> | | | | | | |
| <i>11</i> | | | | | | |
| <i>12</i> | | | | | | |
| <i>13</i> | | | | | | |
| <i>14</i> | | | | | | |
| <i>15</i> | | | | | | |

- (b) whether the Social Welfare Department (SWD) will consider removing the age limit of Sunnyway immediately so as to optimize the use of places available under it and minimize or avoid surplus places;*
- (c) of the number and percentage of Sunnyway participants who succeeded in seeking employment in each of the past three years, together with the respective numbers and percentages of those participants, broken down by cohort of participants, who had worked continuously for half a year or more and for one year or more; how the authorities enhance the stability and continuity of the participants' employment; and*
- (d) among each cohort of participants who had completed Sunnyway in the past three years, of the number and percentage of those who so far had not yet found a job; and regarding those who had already completed the programme for one year but still had not found a job, whether the social service units concerned need to continue to provide training services for them; if so, of the amount of funding allocated by the authorities for providing training to this type of participants; if not, what other services the authorities provide to help them?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, the SWD launched the On the Job Training Programme for People with Disabilities (OJT Programme) in 2001 to provide individual counselling, job matching, job attachment and post-placement service to persons with disabilities aged 15 or above. Under the OJT Programme, wage subsidy is also granted to employers during the job trial period to encourage them to offer job opportunities for persons with disabilities. On the basis of the operational experience of the OJT Programme, the SWD further launched the Sunnyway — On the Job Training Programme for Young People with Disabilities (Sunnyway Programme) in 2005 to specifically provide on the job training service to young persons aged between 15 and 24 with disabilities or early signs of mental illness. As the Sunnyway Programme generally targets at those young persons who have just left school and

have no working experience, apart from drawing reference to the service mode of the OJT Programme, it specifically provides about 180 hours of employment training to each service user so as to enhance the effectiveness of the service.

My reply to Mr CHEUNG Kwok-che's question is as follows:

- (a) At present, there are 15 non-governmental organizations operating the Sunnyway Programme (operators) (listed in Annex). They are required to enrol a total of 311 new participants annually according to their service agreements with the SWD. The overall actual numbers of participants of the Sunnyway Programme in the past three years were as follows:

| <i>Year⁽¹⁾</i> | <i>Number of participants⁽²⁾</i> | | |
|---------------------------|---|----------------------|---|
| | <i>Agreed number</i> | <i>Actual number</i> | <i>Rate of compliance (%)⁽³⁾</i> |
| 2008-2009 | 311 | 302 | 97.1 |
| 2009-2010 | 311 | 314 ⁽⁴⁾ | 101.0 |
| 2010-2011 | 311 | 303 | 97.4 |

Notes:

- (1) The service year covers the period from 1 October of the year to 30 September of the following year.
- (2) The number represents the overall figures of the 15 operators.
- (3) Rate of compliance is derived by dividing the actual number by the agreed number.
- (4) Depending on the service demand and resources available, an operator may over-enrol the number of new participants. Therefore, the actual number of participants of some of the operators may exceed the agreed number.

Since the services delivered by individual operators are affected by various factors such as the service needs and abilities of participants, requirements set by employers, and so on, the actual numbers of participants served and rates of compliance vary among operators. In this regard, it is not appropriate to make comparison of the relevant figures among individual operators. We consider that the

above overall figures have already reflected the effectiveness of the Sunnyway Programme in the past three years.

- (b) As mentioned above, the Sunnyway Programme is specifically designed for young persons with disabilities or early signs of mental illness. Hence, when launching the Programme in 2005, the SWD set the target group as those aged between 15 (that is, the school-leaving age) and 24.

According to the operational experience of the Sunnyway Programme, half of the participants were young persons with early signs of mental illness. In this light, the SWD has raised the age limit for the target group of the Sunnyway Programme to 25 since 2008 so as to dovetail with the age limit for participants of the Hospital Authority's Early Assessment and Detection of Young Persons with Psychosis programme.

Given that the overall effectiveness and compliance rate of the Sunnyway Programme are satisfactory, the SWD has no plan to change its age limit. Persons with disabilities aged 26 or above who are in need of the service may consider joining the OJT Programme or the Labour Department's Work Orientation and Placement Scheme.

- (c) The operators are required to review regularly the training and rehabilitation needs of each participant in accordance with their service agreements with the SWD. They are also required to provide no less than six months of post-placement service to provide appropriate training and support to the participants, thereby enhancing their working ability, job stability and sustainability. In addition, the operators should assist a certain number of participants per year in securing open employment in accordance with the service agreements, and to submit information to the SWD on the number of participants who have secured open employment for six months or more and have a monthly salary over \$1,500. The relevant figures in the past three years were as follows:

| <i>Year⁽⁵⁾</i> | <i>Number of participants who have secured open employment⁽⁶⁾</i> | | |
|---------------------------|--|----------------------|---|
| | <i>Agreed number</i> | <i>Actual number</i> | <i>Rate of Compliance (%)⁽⁷⁾</i> |
| 2008-2009 | 97 | 106 | 109.3% |
| 2009-2010 | 92 ⁽⁸⁾ | 105 | 114.1% |
| 2010-2011 | 92 ⁽⁸⁾ | 107 | 116.3% |

Notes:

- (5) The service year covers the period from 1 October of the year to 30 September of the following year.
- (6) The number represents the overall figures of the 15 operators.
- (7) Rate of compliance is derived by dividing the actual number by the agreed number.
- (8) The SWD have made a minor adjustment to the agreed number since 2009-2010 following a review of the operation of the service.

As the SWD does not request the operators to collect data on participants who have secured open employment for one year or more, we do not have statistics in this respect.

- (d) As the SWD does not request the operators to collect data on participants who have not yet engaged in open employment upon completion of the one-year programme, we do not have information on the related statistics and expenditure. Notwithstanding, the operators will continue to provide services to these participants and arrange appropriate training and support to assist them in securing open employment having regard to the circumstances and needs of individual participants. In 2012-2013, the estimated financial provision for the Sunnyway Programme will be \$10 million.

Annex

List of Non-Governmental Organizations Operating the Sunnyway Programme

1. Baptist Oi Kwan Social Service
2. Christian Family Service Centre

3. Haven of Hope Christian Service
4. Hong Chi Association
5. Hong Kong Down Syndrome Association
6. Hong Kong Lutheran Social Service
7. Hong Kong PHAB Association
8. Hong Kong Sheng Kung Hui Welfare Council
9. Richmond Fellowship of Hong Kong
10. Stewards Limited
11. The Hong Kong Society for Rehabilitation
12. The Hong Kong Society for The Deaf
13. The Mental Health Association of Hong Kong
14. The Salvation Army
15. The Society of Rehabilitation and Crime Prevention, Hong Kong

Depression in Elderly

7. **MR LAU KONG-WAH** (in Chinese): *President, a recent survey has revealed that quite a number of elderly people have depression problem, and nearly 30% of the elderly people are not satisfied with their own physical conditions, while nearly 40% of them would rather stay at home instead of going out to do something new. In this connection, will the Government inform this Council:*

- (a) *whether the Government has compiled statistics on the current number of elderly people in Hong Kong who have symptoms of*

depression among those who are aged over 60; among these elderly people, of the number of those who have sought medical help for depression;

- (b) whether the authorities will step up their efforts in helping elderly people suffering from depression to receive treatment and counselling, and whether they have plans to step up their efforts in helping and encouraging elderly people to participate in more community activities so as to increase contacts with their neighbours and live a healthy and pleasant life in their twilight years; and*
- (c) given that Hong Kong will face the problem of an ageing population, whether the Government has assessed if the problem of depression among the elderly people shows a deteriorating trend and its impact on society?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Government is concerned about the needs of all psychiatric patients, including elders suffering from depression. We are committed to promoting mental health among members of the public. As the mental health policy and provision of related service programmes involve a number of Policy Bureaux and government departments, the Food and Health Bureau assumes the overall responsibility of co-ordination and works in close collaboration with the Labour and Welfare Bureau, Department of Health (DH), Hospital Authority (HA), Social Welfare Department (SWD) and other relevant government departments. Like other mental diseases, there are both mild and severe cases of depression. Mild cases are usually treated by family physicians in the primary care settings, while more serious cases would be referred to Specialist Outpatient Clinics of the HA or other specialists in psychiatry for follow-up.

- (a) According to a research report published by the University of Hong Kong in 2005, 12.5% of elders aged 60 or above living in the community suffered from depression, with the prevalence rate being 13.7% for females and 8.9% for males.

As for elders living in Residential Care Homes for Elderly (RCHEs), according to a survey conducted by the Census and Statistics

Department in 2008, around 7.5% of elders living in RCHEs aged 60 or above suffered from depression. Based on the number of elders at RCHEs aged 60 or above which stood at about 58 300 in mid-2008, it is projected that some 4 300 elders suffered from depression.

In the past three years, that is 2008-2009, 2009-2010 and 2010-2011, the numbers of elders aged 60 or above who were diagnosed to be suffering from depression of various degrees and receiving treatment in the psychiatric departments of the public hospitals under the HA are about 11 130, 12 100 and 13 160 respectively.

- (b) On healthcare services, the Geriatric or Psychogeriatric units of the HA hospitals are committed to providing diagnostic and treatment services for elders in need. The HA has stepped up its efforts in the prevention and early diagnosis of mental illnesses. Since 2003-2004, the HA has introduced an Elderly Suicide Prevention Programme in all hospital clusters for elders who have symptoms of depression and suicidal tendency. The objective of the Programme is to provide early diagnosis and examination for elders who are living in the community and have symptoms of depression and suicidal tendency and refer those with suicidal tendency to fast-track clinics providing prompt intervention by psychogeriatricians as early as possible.

Besides, in light of an international trend to gradually focus on community and ambulatory services in the treatment of mental illness, the HA has provided medical consultations for elders living at RCHEs on a regular basis through its psychogeriatric outreach service and community geriatric assessment service, to facilitate early diagnosis and treatment of elders suffering from depression. In recent years, the HA has also enhanced mental health services in the primary care settings by launching an Integrated Mental Health Programme at designated General Outpatient Clinics, in an effort to provide timely diagnosis and treatment through multi-disciplinary collaboration for patients with mild mood disorders and other common mental disorders who are living in the community and are in stable condition, including elders with symptoms of depression.

Elder person in the community found with emotional problems can be referred to the HA's Geriatric or Psychogeriatric units for further assessment and follow-up treatment.

On public education, the HA provides patients and their relatives with information on depression and related community resources via the one-stop website, "Smart Patient Website". The Elderly Health Service under the DH has been making use of various channels, including television and radio interviews, newsletters, information hotlines and websites, and production of various kinds of health educational materials such as leaflets and Video Compact Discs, to promote positive psychology and disseminate information on elderly depression to the public.

The Government's elderly policy encourages elders' active participation in community life. The Labour and Welfare Bureau and the Elderly Commission have in recent years collaboratively organized a variety of projects and activities to disseminate this message. Examples include the Neighbourhood Active Ageing Project, the Elder Academy Scheme, the production of radio programmes, and so on. The Government has also been pressing ahead to launch the Public Transport Concessions Scheme for the Elderly and Persons with Disabilities as soon as possible in the second half of this year to further encourage the elders and persons with disabilities to participate in more community activities, thereby enriching the social capital and developing a spirit of care and inclusiveness.

Other government departments also have relevant initiatives in place. For example, the SWD subsidizes the Opportunities for the Elderly Project each year; elderly centres under the SWD also organize educational, social and recreational activities for elders from time to time. Additional resources have been allocated to these centres to reach hidden and singleton elders, thereby helping them strengthen their ties with the community.

- (c) According to a research report published by the University of Hong Kong in 2005, depression among the elders could be induced by a number of risk factors including self-perceived financial hardship,

insufficient social support, poor self-care ability in daily life, self-perceived poor health status, suffering from chronic pain, visual abnormalities, and so on. With an ageing population, we anticipate that the number of elders suffering from depression will continue to rise. In order to cater for the rising service demand, we will continue our efforts to enhance the abovementioned healthcare and social welfare services that are currently available, as well as strengthening the collaboration between the healthcare and social welfare sectors, with a view to providing more appropriate and comprehensive support to the elders, including those suffering from depression.

Problem of Obesity in Hong Kong

8. **MR WONG TING-KWONG** (in Chinese): *President, earlier on, the report of a survey has pointed out that more than 46% of the people in Hong Kong are in the class of overweight or obesity, and that as people grow older, they are more likely to lose control over their weight. In this connection, will the Government inform this Council:*

- (a) *whether the authorities have recently conducted relevant surveys on obese people in Hong Kong; if they have, of the findings; if not, the reasons for that;*
- (b) *of the percentage of obese people in Hong Kong at present; how this figure compares with the relevant figures in other developed countries (for example, Japan and Korea, and so on) in Asia and the Pacific region;*
- (c) *whether the authorities have assessed the impact of the problem of obesity of Hong Kong people and aggravation of the problem by an ageing population in the future on public health expenditure and the socio-economic development of Hong Kong; if they have, of the specific findings; if not, the reasons for that;*
- (d) *whether the Government is reviewing the overall effectiveness of the various campaigns implemented to promote a healthy lifestyle*

among the public at present; if so, of the details; if not, the reasons for that; and

- (e) *whether the authorities have considered setting promoting fitness for all a priority social policy; if they have not, of the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the rising trend of overweight and obesity is largely attributable to the lifestyles of unhealthy dietary habits, the wide availability of high fat and sugary foods and the lack of physical activity. Medical research indicates that unhealthy lifestyles can cause many non-communicable diseases (NCDs) such as heart disease and diabetes. In this connection, the Government has been actively promoting healthy lifestyles with a view to improving the health of the public. In measuring overweight and obesity, one method is to use the Body Mass Index (BMI), calculated by dividing the body weight (in kilograms) by height (in metres) squared.

Reply to the five parts of the question is as follows:

- (a) The Department of Health (DH) has since 2005 set up a Behavioural Risk Factor Surveillance System to collect information on health-related behaviours of Hong Kong's adult population through telephone surveys conducted systematically and periodically. The System monitors the prevalence of obesity among adults aged between 18 and 64 according to the World Health Organization's (WHO) classification in adult Asians.

According to the 2010 Survey, about 39.2% of adults had a BMI of 23.0 or above (that is, classified as overweight or obese). Those with a BMI of 25.0 or above (that is, classified as obese) comprised about 21.0%.

A higher proportion of males (48.3%) than females (31.4%) were classified as overweight and obese. People aged 45 to 54 had the highest proportion (51.4%) of being overweight or obese.

- (b) With reference to the latest information of the WHO, the relevant data of Japan, Korea and Hong Kong are set out in the table below.

As the year of conducting the surveys and the age bands of respondents were different in each place, it would be difficult to make direct comparisons between the data.

| <i>Country/Region</i> | <i>Age band of respondents</i> | <i>BMI of 25 or above</i> | <i>Year of data</i> |
|-----------------------|--------------------------------|---------------------------|---------------------|
| Japan | Aged 15 to 100 | 23.2% | 2004 |
| Korea | Aged 19 to 100 | 32.1% | 2007 |
| Hong Kong | Aged 18 to 64 | 21.0% | 2010 |

Source: World Health Organization Global Infobase
Behavioural Risk Factor Survey, Department of Health of Hong Kong

- (c) At this stage, the Food and Health Bureau has not conducted any comprehensive quantitative assessment on the impact of public health expenditure and the socio-economic development of Hong Kong resulting from the aggravation of obesity by an ageing population in the future. However, risk factors such as overweight or obesity are causes to NCDs such as heart disease and diabetes, which in turn will affect our labour productivity and standard of living in the long run, undermining our economic vitality and competitiveness.

Demographic changes and rising healthcare costs in Hong Kong are also bringing challenges to our healthcare system. The Government has been continuously increasing the resources for public healthcare services. Recurrent health expenditures in 2012-2013 has increased by over 40% in comparison to five years ago, and its proportion in relation to total government recurrent expenditure has increased to 17%. In parallel, the Food and Health Bureau has since 2008 implemented various healthcare service reforms, including enhancement of primary care, promotion of public-private partnership, development of electronic health record sharing and strengthening of the public healthcare safety net. Our objective is to establish a sustainable healthcare system, and enhance the standards of our healthcare services and the health of the population in Hong Kong.

- (d) The Government formulated the Strategic Framework for Prevention and Control of NCDs in October 2008 and strives to tackle unhealthy

living habits that carry a major impact to the health of the population and are potentially preventable or modifiable. In parallel, the Government has set up a Steering Committee on Prevention and Control of NCDs, chaired by the Secretary for Food and Health, comprising representatives from the Government, public and private sectors, academia, professional bodies, related industries and other key partners.

A working group established under the Steering Committee launched the "Action Plan to Promote Healthy Diet and Physical Activity Participation in Hong Kong" in September 2010, which outlines the specific actions to be taken by various organizations in the promotion of healthy diet and physical activity participation in Hong Kong in the coming years. The Action Plan is targeted at various population groups (such as babies and infants, school children, young people and working adults, and so on) and actively promotes healthy lifestyles among the public in various settings (such as schools, restaurants and local communities, and so on). Contents of the Strategic Framework and the Action Plan can be downloaded from the DH's "Change4Health" website <www.change4health.gov.hk>.

Dietary patterns and choice of food are closely related to daily lifestyle and socio-cultural factors. The effective tackling of the issue of overweight in our population requires concerted efforts from our society as a whole and collaboration between the Government, public and private organizations, academic and professional bodies, media and members of the public and also needs to be proceeded in a systematic and step-by-step manner to ensure more cost-effective utilization of resources. Through implementation of the Strategic Framework as well as various measures and activities, we will continue to actively promote a healthy eating culture and public awareness of regular exercise with a view to improving the health of the community.

- (e) Encouraging the general public to adopt a healthy lifestyle has all along been part of the Government's policy on public health. Moreover, healthcare professionals providing primary care also play an important role in the promotion of health, in addition to providing medical treatment for patients. In this respect, the DH collaborated

with the Hong Kong Medical Association, Hong Kong Doctors Union, Leisure and Cultural Services Department (LCSD), Physical Fitness Association of Hong Kong, China and other non-governmental organizations to launch the Exercise Prescription Project in 2006. Under the project, healthcare professionals provide patients with written advice on appropriate and regular physical activities. The DH is currently preparing on a new round of training for healthcare professionals.

In addition, the LCSD has also been committed to promoting Sport for All through the provision of a wide range of recreational and sports activities and facilities for people of different age groups with a view to encouraging the public to develop habits of doing exercise regularly and to lead a healthy lifestyle, so as to achieve the aim of promoting the policy of Sport for All.

In addition to organizing a wide spectrum of recreation and sports activities through 18 District Leisure Services Offices for participation by people of all ages, the LCSD has also provided funding to National Sports Associations and other sports organizations through the Sports Subvention Scheme for organizing various kinds of sports activities in the community for public participation, so as to achieve the objective of sports promotion and development.

The LCSD will continue its efforts to carry out publicity and promotional activities to highlight to the public the importance and benefits of regular participation in sports and other physical activities. The LCSD also keeps the existing recreation and sports services under review, examining the feasibility of providing more diversified recreation and sports activities and facilities to the public, and creating an environment which is more conducive to active and regular participation by the public in sports and physical activities.

Auxiliary Forces in Hong Kong

9. **DR JOSEPH LEE** (in Chinese): *President, the Audit Commission published the report on the results of value for money audits in October 2011, which pointed out that the Auxiliary Medical Service (AMS) is deficient in*

managing duty attendance, it had not conducted any review of emergency stores for nearly 20 years, with some of the items being overstocked, having expired or being damaged, and the ambulances were even used for delivering first aid stores and equipment. In this connection, will the Government inform this Council:

- (a) of the present number of this type of auxiliary forces in Hong Kong, and the Policy Bureaux responsible for managing the various auxiliary forces;*
- (b) of the respective numbers of full-time staff and voluntary workers in the various auxiliary forces in the past three years; the annual expenditure on the salaries for such staff and the total annual expenditures of the various auxiliary forces;*
- (c) of the details of the authorities' monitoring mechanism on auxiliary forces at present; whether they regularly review the auxiliary forces' operation and use of funds, or request the auxiliary forces to submit work reports on a regular basis; if they do, of the details; if not, whether consideration will be given to conducting a comprehensive review of the operation of the various auxiliary forces;*
- (d) whether the authorities had assessed the inadequacy of the various auxiliary forces in administrative management or allocation of resources in the past three years; if they had, of the details; if not, the reasons for that; and*
- (e) whether the authorities had offered any recommendation or assistance to the various auxiliary forces in the past three years in relation to their operation so as to improve or enhance the efficiency in their administrative management and allocation of resources; if they had, of the details; if not, whether consideration will be given to making such offers in the future?*

SECRETARY FOR SECURITY (in Chinese): President,

- (a) The Civil Aid Service (CAS) is the other auxiliary service with functions and organization similar to those of the AMS. Both the CAS and the AMS are under the Security Bureau.

- (b) The number of full-time staff and volunteers, the expenditure on salary and the total annual expenditure of the AMS and the CAS in the past three years are as follows:

| <i>Financial Year</i> | <i>AMS (Volunteers)</i> | | <i>AMS (Full-time Staff)</i> | | <i>AMS</i> |
|-----------------------|-------------------------|--|------------------------------|--|---|
| | <i>Establishment</i> | <i>Expenditure on Pay and Allowances (\$10 thousand)</i> | <i>Establishment</i> | <i>Expenditure on Salary (\$10 thousand)</i> | <i>Total Annual Expenditure (\$10 thousand)</i> |
| 2009-2010 | 4 418 | 2,604.0 | 93 | 2,761.9 | 6,928.6 |
| 2010-2011 | 4 418 | 2,325.9 | 93 | 2,734.2 | 6,464.3 |
| 2011-2012 | 4 602 | 2,432.0 | 96 | 2,897.7 | 6,691.6 |

| <i>Financial Year</i> | <i>CAS (Volunteers)</i> | | <i>CAS (Full-time Staff)</i> | | <i>CAS</i> |
|-----------------------|-------------------------|--|------------------------------|--|---|
| | <i>Establishment</i> | <i>Expenditure on Pay and Allowances (\$10 thousand)</i> | <i>Establishment</i> | <i>Expenditure on Salary (\$10 thousand)</i> | <i>Total Annual Expenditure (\$10 thousand)</i> |
| 2009-2010 | 3 634 | 3,464.6 | 103 | 3,080.7 | 8,539.8 |
| 2010-2011 | 3 634 | 3,039.5 | 103 | 3,076.4 | 7,826.7 |
| 2011-2012 | 3 634 | 3,144.2 | 102 | 3,250.0 | 8,252.2 |

- (c) The Chief Staff Officers and Staff Officers of both the AMS and the CAS attend meetings chaired by the Secretary for Security regularly to report and discuss matters relating to the administration and operation of the Services. In addition, as Controlling Officers of departmental expenditure and estimates, the Chief Staff Officers of the AMS and the CAS are required to submit a Controlling Officer's Report annually to account for all expenditure under the Heads for which they are controlling officers, including the analysis of financial and staffing provision and operating account. The Report should explain the programmes on which the resources are to be spent and the targets to be achieved. The Controlling Officers will assess whether the targets are met and the cost-effectiveness of meeting the targets in terms of unit cost or performance indicators. In the course of preparing the Report, the AMS and the CAS will submit the contents of the Report to the Security Bureau for comment.

- (d) and (e)

Under the mechanism of the Resource Allocation Exercise, both the AMS and the CAS conduct an annual review on their various equipment, human resources, general administration and computer

systems, and so on. If so required, a proposal and an application for allocation of provision will be submitted to the Security Bureau. In vetting the proposal, the Security Bureau will assess its effectiveness and feasibility to ensure an effective use of public resources before submitting an application to the Government. After the application is approved, the Security Bureau will monitor the proposal appropriately to ensure that it is implemented as scheduled and that the expected effects are achieved. In addition, the AMS and the CAS may submit a proposal to the Security Bureau for application for allocation of additional provision to meet the shortfall arising from specific unforeseen circumstances. The Security Bureau will assess and scrutinize the application in the manner stated above.

In the past three years, through the established mechanism of the Resource Allocation Exercise, the Security Bureau assisted the AMS and the CAS in implementing various projects to improve management and enhance efficiency. These projects included the development of a computer management system for the Cadet Corps and members in the AMS, so that the AMS can closely monitor members' duty and training rate as well as their personal training records; the creation of two posts of Operations and Training Officer and one post of Clerical Assistant to implement projects related to the Cadet Corps; the implementation of the Security Risk Audit and Assessment Service for the AMS; the installation of the Remote Access to Confidential Mail System for the AMS; and the upgrading of the server systems. The Security Bureau also assisted CAS in the creation of one post of Analyst/Programmer II to support the development of information technology in the CAS; the development of the Human Resources Management System for the CAS to manage and monitor the attendance and training records of members and the needs for manpower resources; the upgrading of the hardware and software of the information technology systems; and the undertaking of CAS information technology security audit and risk assessment. In addition, the Audit Commission will, from time to time, carry out value for money audits on government departments and make value-added recommendations to help them enhance their governance, accountability and cost-effectiveness. The Commission has just conducted a review on the AMS in which a

series of recommendations are made to improve its management and enhance the efficiency in resource allocation.

Safety of Lifts and Escalators in Railway Premises

10. **MR IP WAI-MING** (in Chinese): *President, it has been reported that from late last year to early this year, accidents involving escalators occurred one after another in railway premises, and passengers are concerned about the safety of MTR's lifts and escalators. In this connection, will the Government inform this Council if it knows:*

- (a) the current numbers of lifts and escalators in railway premises, their years of service and the stations in which they are located, and whether they are covered by manufacturers' warranties;*
- (b) the respective numbers of accidents involving lifts and escalators in railway premises as well as the number of passengers injured in each of the past three years, together with a breakdown by station and whether or not the lifts and escalators were under manufacturers' warranties; and*
- (c) the expenditure incurred by the MTR Corporation Limited (MTRCL) on the maintenance of lifts and escalators in railway premises in each of the past three years?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, reply to various parts of the question is as follows:

- (a) Currently, there are 979 escalators and 207 passenger lifts in the MTR network to facilitate passengers' travelling between ground level, concourse level and platform level. As at March 2012, the number of years of passenger service of these escalators and passenger lifts is set out in Annex A; the relevant maintenance arrangements are set out in Annex B.

All suppliers and maintenance contractors of escalators and passenger lifts in the MTR network are registered with the Electrical

and Mechanical Services Department (EMSD). The design, construction, examination, testing and maintenance of escalators and passenger lifts should comply with the requirements of the Lifts and Escalators (Safety) Ordinance and the relevant codes of practice. All escalators and passenger lifts should be approved by the EMSD before they are put into service.

All escalators and passenger lifts in the MTR network have safety devices installed. In case of any irregularity, for example, a foreign object jamming the steps of an escalator, the equipment will automatically come to a stop for maintenance personnel to carry out emergency inspection and repair. The equipment needs to be verified to be in a safe working order before it can be put into service again.

- (b) From 2009 to 2011, there were around 700 incidents involving escalators and passenger lifts in the MTR network per annum. Relevant incident figures (including figures classified by maintenance arrangements) are set out in Annex C. The majority of the incidents were caused by passengers who lost their balance and fell, did not hold the handrail, stood close to the step edge, or walked on the escalators, and so on. In order to enhance passengers' safety awareness, the MTRCL organizes escalator safety campaigns every year to remind passengers to hold the handrail when using escalators, stand still and stay away from the step edge.

After new escalators and passenger lifts are put into service, the equipment supplier will be responsible for maintenance during the warranty period. Upon expiry of the warranty period, depending on the terms of the procurement contract, the MTRCL will consider whether to exercise an option to extend the maintenance arrangement by the equipment supplier, or to conduct an open tender for the maintenance service. All contractors bidding for these contracts must be contractors registered with the EMSD. After tendering, the MTRCL will award the contract accordingly. The registered contractor shall provide registered engineers who fulfil the necessary requirements to carry out regular examinations and testings, and so on, for the escalators and passenger lifts concerned.

As at March 2012, the warranties of all escalators and passenger lifts in the MTR network have expired, and they are maintained by contractors appointed after open tender or by extending the maintenance options by suppliers. The MTRCL has imposed stringent policies and procedures to ensure that the maintenance contractors carry out their works regularly. The contracts between the MTRCL and the maintenance contractors also require that necessary performance levels of maintenance works be met. To ensure the machinery and associated equipment are in a safe working order and fulfil relevant requirements of the Lifts and Escalators (Safety) Ordinance, for all escalators, the contractor shall carry out a regular maintenance service every two weeks, and a thorough examination and testing every six months. For all passenger lifts, the contractor shall carry out a regular maintenance service every two weeks, a thorough examination every 12 months, and an on-load testing every five years.

- (c) The amount of expenditure spent on the maintenance of escalators and passenger lifts by the MTRCL in the past three years is set out in Annex D.

Annex A

Years of Passenger Service of Escalators and Passenger Lifts in the
MTR Network (as at March 2012)

| <i>Years of Passenger Service⁽¹⁾</i> | <i>Number of Escalators⁽²⁾</i> | <i>Number of Passenger Lifts</i> |
|---|---|----------------------------------|
| 0 to 9 | 283 | 98 |
| 10 to 19 | 155 | 73 |
| 20 to 29 | 355 | 36 |
| 30 to 34 | 186 | - |

Notes:

- (1) Based on the conditions of the equipments, the core components of all escalators and passenger lifts will be replaced and renewed during routine maintenance carried out by the contractors.
- (2) The above figures exclude 10 escalators in Admiralty Station that are owned and maintained by the Pacific Place.

Annex B

Maintenance Arrangements of Escalators and Passenger Lifts in
the MTR Network (as at March 2012)

| | <i>Maintained by Original Equipment Manufacturers</i> | <i>Maintained by Non-Original Equipment Manufacturers</i> |
|--------------------------------|---|---|
| Escalators ⁽¹⁾ | 137 | 842 |
| Passenger Lifts ⁽²⁾ | 29 | 178 |

Notes:

- (1) Escalators maintained by original equipment manufacturers are located at the following stations: Austin, Fanling, Fo Tan, Hung Hom, Kowloon Tong, Lok Ma Chau, Lo Wu, Mong Kok East, Sheung Shui, Sha Tin, Tai Po Market, Tai Wai, Tsim Sha Tsui, Tai Wo, and University.
- (2) Passenger lifts maintained by original equipment manufacturers are located at the following stations: Admiralty, Austin, Asia-World Expo, Causeway Bay, Cheung Sha Wan, East Tsim Sha Tsui, Jordan, Kowloon, Lai Chi Kok, LOHAS Park, Mei Foo, North Point, Sheung Wan, Sham Shui Po, Sai Wan Ho, Tin Hau, Tsuen Wan, Tuen Mun, and Tai Wo Hau.

Annex C

Information on Incidents involving Escalators and
Passenger Lifts in the MTR Network from 2009 to 2011

| | <i>2009 (Annual patronage of around 1 510 million)</i> | | <i>2010 (Annual patronage of around 1 610 million)</i> | | <i>2011 (Annual patronage of around 1 680 million)</i> | |
|--------------------|--|---|--|---|--|---|
| | <i>Number of incidents</i> | <i>Number of passengers injured</i> | <i>Number of incidents</i> | <i>Number of passengers injured</i> | <i>Number of incidents</i> | <i>Number of passengers injured</i> |
| Escalators | 714 | 781 | 714 | 774 | 761 | 850 |
| Passenger Lifts | 9 | 9 | 12 | 12 | 15 | 15 |
| Total | 723 | 790 | 726 | 786 | 776 | 865 |

Number of Incidents involving Escalators and Passenger Lifts
in the MTR Network from 2009 to 2011
(Classified by Maintenance Arrangements)

| | 2009 | | 2010 | | 2011 | |
|---------------------------|---|---|---|---|---|---|
| | <i>Maintained by Original Equipment Manufacturers</i> | <i>Maintained by Non-Original Equipment Manufacturers</i> | <i>Maintained by Original Equipment Manufacturers</i> | <i>Maintained by Non-Original Equipment Manufacturers</i> | <i>Maintained by Original Equipment Manufacturers</i> | <i>Maintained by Non-Original Equipment Manufacturers</i> |
| Escalators ⁽¹⁾ | 90 | 620 | 81 | 632 | 107 | 647 |
| Passenger Lifts | 2 | 7 | 2 | 10 | 0 | 15 |

Note:

- (1) The above figures exclude 11 cases that occurred at the escalators owned and maintained by the Pacific Place within the premises of Admiralty Station, and one case on an escalator already removed to facilitate the South Island Line construction works.

Annex D

MTRCL's Expenditure on Escalator and Passenger Lift
Maintenance from 2009 to 2011

| <i>(HK\$ Million)</i> | 2009 | 2010 | 2011 |
|--|------|------|------|
| Cost of Maintenance Works | 57 | 60 | 97 |
| Capital Investment on Renewals and Service Improvement | 39 | 61 | 94 |
| Total | 96 | 121 | 191 |

Occupational Safety of Cleansing Workers

11. **DR PAN PEY-CHYOU** (in Chinese): *President, in April last year, the staff of an outsourced cleansing service contractor of the Food and Environmental Hygiene Department had incorrectly mixed cleansing agents, which caused an explosion and led to the death of a female cleansing worker. In this connection, will the Government inform this Council:*

- (a) *whether it knows the total number of privately run cleansing service companies in Hong Kong at present and the number of cleansing workers employed by these companies;*

- (b) *of the number of industrial accidents caused by incorrectly mixing chemicals which occurred in Hong Kong in the past three years as well as the number of employees involved in such accidents, broken down by year, job type as well as category of the accidents;*
- (c) *how the Government ensures the provision of adequate guidelines on occupational safety as well as relevant training for employees by privately run cleansing service companies;*
- (d) *in the past three years, of the number of inspections conducted by the Labour Department (LD) of privately run cleansing service companies, and the number of employers concerned who were being prosecuted for contravening the occupational safety and health requirements, broken down by year and category of the prosecutions instituted; whether the LD has formulated corresponding measures and organized publicity and promotional campaigns to increase the awareness of cleansing workers towards occupational safety and health; if it has, of the details; if not, the reasons for that; and*
- (e) *whether the Government has any plan to comprehensively review and step up the existing regulation regarding the safeguard for the occupational safety and health of cleansing workers by privately run cleansing service companies, including amending the legislation to specifically regulate how such companies safeguard the occupational safety and health of cleansing workers, and so on; if it has, of the details and the relevant timetable; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to Dr PAN Pey-chyou's question is as follows:

- (a) According to the Quarterly Report of Employment and Vacancies Statistics published by the Census and Statistics Department, the number of establishments in the pest control and cleaning services in September 2011 was about 1 450 and the number of persons engaged was about 75 000.

- (b) The classification of injury cases in respect of exposure to or contact with harmful substance (including chemical) by industries is as follows:

| <i>Major industries</i> | <i>2009</i> | <i>2010</i> | <i>2011 (1st Three Quarters)</i> |
|------------------------------------|-------------|-------------|--|
| Pest control and cleaning services | 56 | 55 | 32 |
| Food and beverage services | 63 | 73 | 49 |
| Manufacturing | 21 | 23 | 28 |

With regard to the first three quarters in 2011, the total number of injury cases of this category in the above three major industries is 109, accounting for about 60% of the total number of all cases of this category during that period.

Besides, in the past three years, there was one fatal accident of this category in the cleaning services industry.

- (c) The LD's officers inspect cleansing workplaces regularly to ensure that cleansing contractors comply with relevant legislation and to safeguard the occupational safety and health of cleansing workers. In order to ensure that contractors provide adequate information, instructions, training and supervision to their employees, LD officers will inspect the working environment and work processes, examine cleansing workers on their understanding of chemical hazards and safety precautions, and inspect the relevant records on safety guidelines and training.
- (d) 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 were issued, and four prosecutions were taken out. Among these prosecutions, three were related to violation of chemical safety requirements and one was related to working at height.

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 on the hazards of using chemicals, recognition of labels of containers and their contents, and the associated safety measures.

- (e) 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 step up inspections and enforcement under the existing legal framework, and carefully examine other feasible measures to step up the regulation of cleansing contractors.

Underestimation of Fiscal Surpluses

12. **MR PAUL CHAN** (in Chinese): *President, it had been shown in the Budgets in the past five years that the fiscal surpluses had often been grossly underestimated by the Government, and there had been, among others, huge difference between the estimated and actual revenues from salaries tax and profits tax. In this connection, will the Government inform this Council:*

- (a) of the estimated and actual amounts of the total revenues from salaries tax and profits tax in each of the past five years of assessment, together with the respective percentages of differences between the two amounts (set out in table form by year of assessment);
- (b) of the process and means by which the Government had assessed and estimated the revenues from salaries tax and profits tax in the past five years of assessment; and the reasons for grossly underestimating the actual tax revenues; and
- (c) whether the Government has reviewed the current process for assessing and estimating tax revenues with a view to rectifying the situation of grossly underestimating revenues from salaries tax and profits tax; if it has, of the details; if not, the reasons for that?

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

- (a) Estimates of revenues from profits tax and salaries tax are made on the basis of fiscal year instead of year of assessment. The following table sets out the estimated and actual amounts of revenues from profits tax and salaries tax, and the differences among them for fiscal years 2007-2008 to 2011-2012:

| <i>Fiscal Year</i> | <i>Tax Type</i> | <i>Original Estimate</i> | <i>Revised Estimate</i> | <i>Actual Revenue</i> | <i>Difference between Actual Revenue and Original Estimate</i> | | <i>Difference between Actual Revenue and Revised Estimate</i> | |
|--------------------|-----------------|--------------------------|-------------------------|-----------------------|--|------------|---|------------|
| | | | | | <i>(\$ M)</i> | <i>(%)</i> | <i>(\$ M)</i> | <i>(%)</i> |
| 2007-2008 | Profits Tax | 77,500 | 89,000 | 91,423 | 13,923 | 18.0% | 2,423 | 2.7% |
| | Salaries Tax | 29,980 | 37,000 | 37,479 | 7,499 | 25.0% | 479 | 1.3% |
| 2008-2009 | Profits Tax | 83,270 | 103,200 | 104,151 | 20,881 | 25.1% | 951 | 0.9% |
| | Salaries Tax | 26,380 | 36,000 | 39,008 | 12,628 | 47.9% | 3,008 | 8.4% |
| 2009-2010 | Profits Tax | 71,000 | 75,500 | 76,605 | 5,605 | 7.9% | 1,105 | 1.5% |
| | Salaries Tax | 35,190 | 39,000 | 41,245 | 6,055 | 17.2% | 2,245 | 5.8% |

| <i>Fiscal Year</i> | <i>Tax Type</i> | <i>Original Estimate</i> | <i>Revised Estimate</i> | <i>Actual Revenue</i> | <i>Difference between Actual Revenue and Original Estimate</i> | | <i>Difference between Actual Revenue and Revised Estimate</i> | |
|--------------------|-----------------|--------------------------|-------------------------|---------------------------------|--|------------|---|------------|
| | | | | | <i>(\$ M)</i> | <i>(%)</i> | <i>(\$ M)</i> | <i>(%)</i> |
| 2010-2011 | Profits Tax | 78,500 | 93,500 | 93,183 | 14,683 | 18.7% | (317) | -0.3% |
| | Salaries Tax | 39,810 | 47,000 | 44,255 | 4,445 | 11.2% | (2,745) | -5.8% |
| 2011-2012 | Profits Tax | 96,900 | 118,000 | Relevant data not available yet | | | | |
| | Salaries Tax | 43,220 | 52,000 | | | | | |

- (b) Hong Kong does not adopt the "pay as you earn" system in collecting taxes. That is, the monthly wages earned by taxpayers would not be charged for salaries tax immediately. Instead, taxpayers are required to file salaries tax returns to the Inland Revenue Department (IRD) in relation to their salary incomes earned in a year of assessment only when that year of assessment is over such that the IRD could make final tax assessment for that past year of assessment. At the same time, the IRD would also estimate the amount of income earned by taxpayers in the current year of assessment based on their income earned in the previous year of assessment with a view to assessing the amount of provisional tax charged for the current year of assessment. In other words, the tax returns filed by taxpayers to the IRD in the current year of assessment contain only information in relation to taxpayers' incomes earned in the previous year of assessment.

Similarly, the information on profits furnished by enterprises in their profits tax returns is related to their profits earned in the previous year of assessment. Since the basis periods of individual enterprises are determined by their accounting end dates, the basis periods of enterprises within a year of assessment can range from as early as from the 2 April in the previous year of assessment to the first day of the current year of assessment (that is, 1 April of the current year of assessment), to as late as from the first day of the current year of assessment (that is, 1 April) to the last day of the current year of assessment (that is, 31 March). In other words, if the accounting years of enterprises start from the 2 April each year,

the information on profits furnished by those enterprises for the previous year of assessment is data from more than two years ago. For example, the information furnished in the profits tax returns filed to the IRD in 2011-2012 is related to the amounts of profits earned by the enterprises concerned in the year of assessment 2010-2011. The earliest data could cover the amounts of profits earned by enterprises between 2 April 2009 and 1 April 2010, whereas the latest data could cover the amounts of profits earned by enterprises between 1 April 2010 and 31 March 2011. Of such information, the earliest was data of profits earned from more than two years ago (that is, April 2009).

It can be seen that, due to the current mode of collecting taxes, the information collected by the IRD every year only captures data of the amounts of incomes/profits earned by taxpayers in the previous year of assessment, which is income/profit data from more than a year or two years or so ago.

As for the preparatory work of Government's Budgets, it starts from around October every year and completes in around February of the following year. In determining the "original estimates" of profits tax revenue and salaries tax revenue of the Government in the next fiscal year, apart from taking into account the information on incomes/profits earned in the previous year of assessment as filed by taxpayers to the IRD, the Administration would also consider the latest performance and outlook of the overall economy, the employment market, the salary adjustment pattern, and so on. Since the reference data in relation to incomes/profits earned by taxpayers is from more than a year or two years ago, this may affect the accuracy of the Administration in making the "original estimates" for the revenues from salaries tax and profits tax in the next fiscal year. Besides, tax revenues of the Government will also be affected by the objections and litigations raised by some taxpayers. This is because the completion dates of tax disputes and litigations are in general difficult to control, thus affecting the accuracy of the "original estimates" for tax revenues.

After the determination of the "original estimates" of a particular fiscal year, the Administration would make "revised estimates" for that fiscal year based on the latest assessment data collected in that fiscal year, the overall economic conditions as well as past years' data. As seen from the table above, the differences between the "revised estimates" and the actual revenues from salaries tax and profits tax for the past five years are not substantial.

- (c) Hong Kong is a small and open economy which is particularly susceptible to the fluctuation of the global economy and other external factors. As a matter of fact, about 80% of profits tax revenue in the final tax assessment was contributed by trade-related sectors (such as retailing, wholesaling, import and export, manufacturing and shipping) and sectors related to finance, real estate and investment. These business sectors are more volatile than the overall economy, coupled with the fact that profits tax revenue and salaries tax revenue are largely contributed by a small number of enterprises and high-income persons, thus rendering it even more difficult for the Administration to make revenue forecast.

According to the figures for the year of assessment 2009-2010, almost 90% of the 688 000 registered corporations did not have to pay profits tax, whereas 69% of the corporate profits tax was contributed by 1 100 corporations (0.16% of registered corporations). As for salaries tax, 200 000 salaries tax payers (6% of the working population) had already contributed 82% of the revenue from salaries tax.

In sum, the fluctuations in revenues from profits tax and salaries tax are often driven by factors beyond the control and anticipation of the Administration, which would inevitably affect the accuracy of the Administration's revenue forecast. As in the past, when estimating revenues from profits tax and salaries tax, the Administration would thoroughly consider the information available at the time and take into account as far as possible the implication of economic changes on revenue.

Direct Issue of Hong Kong Driving Licences Without Test and Guangdong/Hong Kong Cross-boundary Vehicles

13. **MR WONG SING-CHI** (in Chinese): *President, regarding the direct issue of Hong Kong full driving licence without test and Guangdong/Hong Kong cross-boundary vehicles, will the Government inform this Council:*

- (a) *given that the Transport and Housing Bureau indicated in its reply to a question raised by a Member of this Council on 29 February this year that "the Transport Department (TD) attaches great importance to possible abuse associated with the arrangement of direct issue of Hong Kong full driving licence. It will conduct investigation into applications suspected to involve the use of fraudulent documents. These cases may also be referred to the Police for consideration of taking prosecution actions depending on the circumstances":*
 - (i) *whether it had conducted investigation into abuse associated with the arrangement of direct issue of Hong Kong full driving licence without test or applications involving the use of fraudulent documents in the past five years, and whether the Police had initiated any prosecution against such acts; if so, of the details, together with a breakdown by year; and*
 - (ii) *whether any person had been found in the past five years to have obtained Hong Kong driving licence using fraudulent documents and the licence was subsequently cancelled; if so, of the details, together with a breakdown by year;*
- (b) *whether it knows the respective numbers of vehicles issued with Guangdong and Hong Kong licences and of drivers holding Guangdong and Hong Kong driving licences in the past five years; among them, the respective numbers and proportion of the licences registered on the Mainland and those registered in Hong Kong; the respective numbers of cases involving applicants directly issued with Mainland driving licences on the strength of their Hong Kong driving licences, and those cases involving applicants directly issued*

with Hong Kong driving licences on the strength of their Mainland driving licences, with a breakdown by year;

- (c) of the respective numbers of vehicle licence plates prefixed with FU or FV allocated under the international circulation permits (ICPs) issued by the authorities to vehicles registered outside Hong Kong in each of the past five years, as well as the criteria and standards based on which the authorities issued such licence plates to vehicles;*
- (d) of the number of vehicles travelling between Guangdong and Hong Kong in the past five years; whether it knows the details of the cases of violation of traffic regulations of Guangdong and Hong Kong involving such vehicles (including the numbers of speeding, dangerous driving and drink driving cases, the number of persons prosecuted, the number of accidents and casualties), together with a breakdown by year, which direction the vehicles were travelling to and from (travelling from Hong Kong to the Mainland and return as well as travelling from the Mainland to Hong Kong and return) and nature of violation;*
- (e) of the current procedures for persons owning vehicles registered on the Mainland and holding Mainland driving licences to apply for driving such vehicles in Hong Kong, whether the applicants are required to take tests again or attend driving courses; of the vetting work performed by the relevant government departments in Hong Kong; of the number of Mainlanders applying to drive in Hong Kong in each of the past five years; and*
- (f) if it knows the current procedures for persons owning vehicles registered in Hong Kong and holding Hong Kong driving licences to apply for driving such vehicles on the Mainland; whether such applicants are required to take tests again or attend driving courses; the vetting work performed by the relevant government departments on the Mainland; the numbers of Hong Kong people applying to drive on the Mainland in each of the past five years?*

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

- (a) Under regulation 11(3) of the Road Traffic (Driving Licences) Regulations (Cap. 374B) (the Regulations), the Commissioner for Transport may issue a Hong Kong full driving licence directly to an applicant on the strength of his/her driving licence issued by any country or place listed in the Fourth Schedule of the Regulations. There are at present a total of 32 countries or places, including the People's Republic of China, listed in the Fourth Schedule of the Regulations.

The TD will prudently process and vet each of the direct issue applications to ensure that the applicants have fully satisfied the statutory requirements and produced true and accurate supporting documents. During the vetting process, if there is any doubt on the authenticity of the driving licence produced by an applicant, the TD will seek clarification and confirmation from the relevant consulate or transport authority. Doubtful applications will not be further processed unless the authenticity of the documents submitted has been verified.

In 2009, the TD suspected that some people succeeded earlier in applying for direct issue of Hong Kong driving licences by using forged overseas driving licences, and referred the cases to the Hong Kong Police Force for investigation. After verifying with the relevant overseas authorities, the TD cancelled 14 Hong Kong driving licences held by the people concerned in 2011. However, no prosecutions were initiated by the Police owing to insufficient evidence upon investigation. Apart from this, there were no similar cases in the past five years.

- (b) and (c)

At present, cross-boundary vehicles are regulated under a quota system jointly administered by the Government of the Hong Kong Special Administrative Region and the Guangdong Provincial Government. These vehicles must have the Approval Notice issued by the Guangdong Public Security Department (GDPSD) and closed

road permit (CRP) issued by the TD, and have completed the formalities required by other Mainland authorities, before they could travel between Hong Kong and Guangdong. We do not have statistics on whether the driving licences held by drivers of such vehicles are obtained through direct issue. The numbers of non-commercial cross-boundary vehicles issued with valid CRPs and the drivers registered for such vehicles in the past five years are as follows:

| | <i>From Hong Kong to Mainland</i> | | <i>From Mainland to Hong Kong</i> | |
|------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| | <i>Number of vehicles</i> | <i>Number of drivers</i> | <i>Number of vehicles</i> | <i>Number of drivers</i> |
| 2007 | 15 500 | 24 400 | 1 300 | 1 900 |
| 2008 | 19 500 | 29 700 | 1 400 | 2 000 |
| 2009 | 21 600 | 32 400 | 1 500 | 2 100 |
| 2010 | 22 800 | 33 700 | 1 600 | 2 400 |
| 2011 | 24 000 | 34 900 | 1 900 | 2 600 |

The TD will issue ICPs to non-commercial vehicles brought into Hong Kong from a place outside Hong Kong for a short stay, and assign to them registration marks with prefix "FU" or "FV" in accordance with the law. The cross-boundary vehicles from the Mainland assigned with quotas belong to the Mainland governments, departments directly under the Mainland authorities or some enterprise units. Such vehicles are allocated with quotas to facilitate official and business exchanges between the Mainland and Hong Kong. Apart from the Mainland vehicles, the TD processed on average about 13 ICP applications in each of the past five years concerning vehicles registered in overseas countries.

- (d) The numbers of non-commercial cross-boundary vehicles issued with valid CRPs in each of the past five years are provided in part (b) and (c) above. We do not have figures on accidents and casualties involving Hong Kong vehicles on the Mainland. As for accidents in Hong Kong involving non-commercial Mainland vehicles, the numbers of accidents and casualties are as follows:

| | <i>From Mainland to Hong Kong</i> | |
|------|-----------------------------------|---------------------------|
| | <i>Number of accidents</i> | <i>Number of injuries</i> |
| 2007 | 7 | 12 |
| 2008 | 3 | 22 |
| 2009 | 6 | 17 |
| 2010 | 0 | 0 |
| 2011 | 8 | 8 |

Regarding traffic prosecution, the Police do not have a breakdown by the place of origin of the vehicles concerned. In response to the Member's request, the Police have checked the records of prosecutions against Mainland non-commercial vehicles in the past five years. The numbers of prosecutions in respect of five common traffic offences as well as parking offences are as follows:

| <i>Major offence</i> | <i>Number of prosecutions against cross-boundary Mainland non-commercial vehicles</i> | | | | | |
|--|---|-------------|-------------|-------------|-------------|------------------|
| | <i>2007</i> | <i>2008</i> | <i>2009</i> | <i>2010</i> | <i>2011</i> | <i>Sub-total</i> |
| Careless driving | 9 | 4 | 9 | 4 | 7 | 33 |
| Speeding | 113 | 145 | 168 | 151 | 133 | 710 |
| Disobeying traffic light signals | 34 | 22 | 14 | 20 | 17 | 107 |
| Crossing double white lines | 2 | 0 | 1 | 4 | 0 | 7 |
| Disobeying traffic signs/road markings | 6 | 5 | 11 | 15 | 11 | 48 |
| Parking offence | 35 | 42 | 25 | 34 | 29 | 165 |
| Total | 199 | 218 | 228 | 228 | 197 | 1 070 |

(e) and (f)

In accordance with the Regulations, holders of Mainland driving licences who wish to drive in Hong Kong may do so through one of the following means:

- (i) apply for a full driving licence by direct issue without test; or
- (ii) drive on strength of their valid Mainland driving licences if they are visitors to Hong Kong (that is, persons who arrive in Hong Kong other than to take up residence for a period exceeding 12 months).

Holders of Mainland driving licences who intend to apply for direct issue of full Hong Kong driving licences (the driving entitlements of full Hong Kong driving licence which can be applied for include private car, light goods vehicle, motor cycle and motor tricycle) must fulfill the following criteria:

- (i) the Mainland driving licence must be:
 - (1) valid or has not expired for more than three years; and
 - (2) obtained through passing relevant driving test held in the issuing place;
- (ii) the driving entitlement(s) applied for must be equivalent to the class(es) of vehicles which the applicant is authorized to drive under the Mainland driving licence; and
- (iii) satisfy any one of the requirements listed below:
 - (1) have resided in the place of issue for a period of not less than six months during which the licence was issued; or
 - (2) have held the licence for five years or more immediately prior to the application; or
 - (3) hold a passport or equivalent travel document of the place in which the licence was issued.

Applicants must bring along their Mainland driving licences, identity documents, passports, Hong Kong address proof and other supporting documents certifying that they have met the above application conditions and approach the Hong Kong Licensing Office of the TD to complete the formalities. Applications will be verified and processed in accordance with the procedures mentioned in part (a) above.

According to the records of the TD, from 2007 to 2011, the numbers of successful applications for direct issue of full Hong Kong driving

licences on the strength of the People's Republic of China driving licences are as follows:

| <i>Year</i> | <i>Number of applications</i> |
|-------------|-------------------------------|
| 2007 | 14 640 |
| 2008 | 13 690 |
| 2009 | 13 660 |
| 2010 | 16 290 |
| 2011 | 19 680 |

Visitors to Hong Kong from the Mainland can drive in Hong Kong with their valid Mainland driving licences without any registration procedures. Therefore, the TD does not have the relevant records.

Applications for direct issue of Mainland driving licences on the strength of Hong Kong driving licences are processed by the Vehicle Control Offices of the GDPSD. The TD does not possess records of the number of Hong Kong residents who have been directly issued with Mainland driving licences without test. According to the figures provided by the GDPSD, about 140 000 Hong Kong people were issued with Mainland driving licences for small vehicles as at the end of 2011.

Hong Kong residents who are holders of valid full Hong Kong driving licences may apply for direct issue of Mainland driving licences for small vehicles without test, provided that they meet the relevant requirements of the Mainland, such as age and physical conditions. Applicants should bring along their Hong Kong Identity Cards, Home Visit Permits or passports, Hong Kong driving licences and photographs, and so on, and approach the licensing counters of any Vehicle Control Offices of the GDPSD in person to complete the formalities.

Application procedures and requirements for cross-boundary vehicles are in parts (b) and (c) above.

Employees Choice Arrangement of MPF Scheme

14. **MR JAMES TO** (in Chinese): *President, the authorities expect that the Mandatory Provident Fund Schemes (Amendment) (No. 2) Bill 2011 (the Bill) will be passed in this legislative session to enable the Mandatory Provident Fund Schemes Authority (MPFA) to implement the Employee Choice Arrangement (ECA) (also known as "Mandatory Provident Fund (MPF) Semi-portability") under the MPF System in November this year. The authorities have pointed out that upon the formal implementation of MPF Semi-portability, the trade would conduct more proactive sales and marketing activities targeting at MPF scheme members. In this connection, will the Government inform this Council:*

- (a) *whether it knows the current progress of the implementation of MPF Semi-portability;*
- (b) *whether it knows, in response to the implementation of MPF Semi-portability, what measures the MPFA, being the registration authority for intermediaries, has in place to monitor MPF sales activities;*
- (c) *given that upon the implementation of MPF Semi-portability, the intermediaries' sales targets will be extended from employers to employees, whether it knows how the MPFA ensures that intermediaries will provide employees with services which meet their needs; whether targeted requirements will be stipulated in the licensing or other conditions for intermediaries;*
- (d) *given that MPF intermediaries are not required under the existing regulations to make public their commission rates, whether it knows if the MPFA will, upon the implementation of MPF Semi-portability, require corporate intermediaries to make public their commission rates;*
- (e) *whether the authorities have in place the timetable for implementing MPF Full Portability; if so, of the timetable;*
- (f) *given that recently there are again comments that the management fees for MPF schemes are too high and their rates of return are*

lower than that of the Tracker Fund of Hong Kong, whether the Government has other measures to lower the management fees and improve the return performance of MPF schemes, apart from lowering the management fees by implementing MPF Portability; and

- (g) *regarding the suggestion that the MPFA or the Hong Kong Monetary Authority may provide a choice of index funds (for example, the Tracker Fund of Hong Kong) at low charges for MPF scheme members in order to reduce the overall management fees of MPF schemes by means of market forces, whether the Government will consider similar suggestions?*

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

- (a) The Government introduced the Bill into the Legislative Council on 14 December 2011. The Bill aims to set up a statutory regulatory regime for MPF intermediaries. We are working closely with the Bills Committee to facilitate its scrutiny of the Bill, with a view to securing its passage within the current term of the Legislative Council so that the ECA can be implemented on 1 November 2012.

In parallel, the MPFA is pressing ahead with the various supporting measures for the implementation of ECA, including development of operational policies and guidelines for trustees, conducting testing and trial run of the electronic system for transfer of accrued benefits, offering train-the-trainer workshops to ensure availability of training courses for MPF intermediaries, drafting Guidelines for intermediaries, and investor education, and so on.

- (b) and (c)

The Bill provides for a statutory regulatory regime to regulate MPF sales and marketing activities upon commencement of ECA. Broadly speaking, the key elements are:

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- (i) a statutory registration system will be in place to ensure that only qualified persons are allowed to conduct MPF sales and marketing activities (registered intermediaries);
 - (ii) the MPFA will promulgate Guidelines, setting out its expectations on how registered intermediaries should conduct MPF sales and marketing activities to meet the statutory conduct requirements;
 - (iii) individual registered intermediaries are required to fulfill the continuing training requirements specified by the MPFA to ensure their continuing competence;
 - (iv) a full range of inspection and investigation powers will be provided to the frontline regulators (*viz* Insurance Authority, Hong Kong Monetary Authority, Securities and Futures Commission) to ensure compliance by the registered intermediaries;
 - (v) a full range of disciplinary powers, including powers to impose reprimand, fines, revocation and suspension of registration and disqualification from being registered for a specified period of time, will be vested with the MPFA against non-compliance with the conduct requirements by registered intermediaries; and
 - (vi) it will be a criminal offence to conduct MPF sales and marketing activities without registration.
- (d) The MPFA is now preparing draft Guidelines to facilitate registered intermediaries' compliance with the statutory conduct requirements. It is the intention of the MPFA to require disclosure of benefits receivable by an individual registered intermediary in a manner that will enable the client to consider whether the individual registered intermediary will have the incentive to promote a particular scheme/constituent fund, or a particular scheme/constituent fund over the others. The MPFA will consult the industry on the draft Guidelines shortly, and will brief the Bills Committee thereafter.

- (e) The MPFA is studying the feasibility of establishing a central database capturing information on the distribution of employees' accrued benefits. The MPFA expects that preliminary results of the study will be ready within the 2012-2013 financial year. The experience in implementing ECA and the outcome of this feasibility study will provide a useful basis for the MPFA to consider the implementation of full portability arrangement for MPF in future.
- (f) Since September 2007, all MPF trustees have reduced fees or introduced new MPF funds at lower fees. In addition, the average fund expense ratio of MPF funds has lowered from 2.1% in January 2008 to 1.77% in February 2012, representing a drop of nearly 16%.

This notwithstanding, with the increase in the amount of MPF assets and growing maturity of the MPF System, both the Government and the MPFA consider there should be room for further reduction in the fees charged. In addition to ECA which will promote more market competition to drive down fees, other measures being pursued include:

- (i) The MPFA has commissioned a consultancy study on the administrative costs of MPF trustees with a view to identifying ways to simplify administrative processes and facilitate cost reduction and ultimately fee reduction by the trustees. The consultant is expected to submit a report to the MPFA in around mid-2012;
- (ii) With general support by the Legislative Council Panel on Financial Affairs, we plan to introduce an automatic levy adjustment mechanism for the MPF Compensation Fund with a view to enabling the MPFA to suspend collection of annual levy from MPF trustees (currently set at 0.03% of the net asset value of MPF assets). We believe this would be reflected as a reduction of trustees' fund expenses, thus benefiting scheme members. We aim to introduce the amendments to the relevant MPF subsidiary legislation in Q2 2012 for approval within the current Legislative Council term; and

- (iii) The MPFA will continue with its efforts to improve the arrangements for disclosure of fees and charges to ensure that scheme members are provided with fee information that is easy to understand, timely and comparable; and the MPFA will further step up public education and publicity on the relevant messages.
- (g) The MPFA encourages trustees to consider the inclusion of low cost index funds in their MPF schemes. It is an existing requirement that when applying for approval of new funds, trustees must provide information as to whether an index option has been considered and, where relevant, the reasons for using non-index investment management arrangements. As of today, the number of index tracking constituent funds in the MPF System has increased to 18. The MPFA will keep under view the development and availability of index funds.

Regulation of Pet Food in Hong Kong

15. **MR CHAN HAK-KAN** (in Chinese): *President, quite a number of pet owners have relayed to me that at present, the authorities do not regulate pet food and that such food products vary in quality, affecting the health of pets and even causing the death of some pets. They criticized that there were loopholes in the current practice. In this connection, will the Government inform this Council:*

- (a) *whether it had conducted any sampling test on the safety of pet food and verified the accuracy of the package descriptions in the past five years; if it has, of the details, if not, the reasons for that;*
- (b) *whether it knows if the authorities or the Consumer Council had received any complaint about pet food in the past five years; if they had, the number of such complaints;*
- (c) *whether it knows, among the places of origin of the pet food which is imported to Hong Kong at present, those places of origin where pet*

food is subject to sampling inspections before it is exported or is regulated by relevant local legislation;

- (d) which government departments members of the public can approach to seek assistance when they suspect any inconsistency between the ingredients of pet food and its label information or contamination of pet food, together with the channels for seeking assistance; and*
- (e) whether it will consider amending the relevant legislation to bring pet food under regulation; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, there are no large-scale commercial enterprises producing pet food in Hong Kong. While some pet owners may prepare pet food from fresh ingredients, in recent years the majority of pet owners choose to feed their pets with processed and pre-packaged food readily available in the market. As pet animals often feed on one single food item on a long-term basis, pet food producers usually employ veterinary surgeons and animal nutritionists to develop different food products providing a balanced diet for different types of animals. This is to ensure that the pet food products are suitable for long-term consumption by pet animals and are able to sustain the pets' healthy growth and living.

Unlike the case of food for human consumption, there are currently no pet food safety standards commonly recognized by international organizations. Producers mainly rely on the professional advice of individual experts or make reference to standards drawn up by some authoritative organizations. Most of the pet food sold in Hong Kong is compound formulated food imported from the United States, Europe and Australia which, as pet food producing countries or regions, have their own regulatory regimes for the production, quality control and description of ingredients of pet food. There have not been any significant pet food safety incidents in Hong Kong in many years. Where necessary, the Agriculture, Fisheries and Conservation Department (AFCD) will proactively seek information on the quality of pet food products from the importers or distributors concerned. Pet owners may also find out more about the particulars of pet food or the needs of individual pets from distributors or veterinary surgeons.

At present, most of the pet food available in the market provides information including the description of its ingredients, places of origin, and so on. The Trade Descriptions Ordinance (Cap. 362) prohibits any person from applying false or misleading trade descriptions, including descriptions as to composition or place of origin, to goods in the course of trade or business. The Ordinance applies to general goods which cover pet food. The public may report to the Customs and Excise Department (C&ED) regarding any suspected cases of false trade descriptions in relation to pet food. Dissatisfied consumers can also lodge complaints about pet food with the AFCD and the Consumer Council.

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

(a) and (b)

Over the past five years, the C&ED conducted testing on samples of two pet food products. No violation of the Trade Descriptions Ordinance (Cap. 362) was found. During the same period, the C&ED received one complaint about fish feed involving false description regarding the product's place of origin.

According to the AFCD's records, a total of 11 complaints relating to pet food were received in the past five years, which mainly involved the hygiene, ingredients and expiry date of the products. In handling these complaints, the AFCD contacted the importers or distributors of the pet food concerned for information about the problem food and then relayed the relevant information to the complainants. During the same period, the Consumer Council received a total of 81 complaints relating to pet food which mainly involved its quality and hygiene. As there have not been any major safety incidents, and there is no universally applicable pet food safety standard, the AFCD has not taken any samples of pet food for testing in the past five years.

(c) Pet food in Hong Kong is mainly imported from the United States, Europe and Australia. Production and listing of ingredients of pet

food are subject to the regulation of respective governments or authorities. Different jurisdictions adopt different regulatory approaches. For instance, the European Union has enacted specific laws on animal food whereas the United States has in place a single regime governing food for both human and animal consumption. In Australia and Canada, self-regulation by the trade is practised. As such, different jurisdictions will formulate different regulatory approaches according to their own needs, and major pet food producing countries usually have more stringent regulations to control these products.

- (d) As mentioned above, pet good as a category of commodity is regulated by the Trade Descriptions Ordinance (Cap. 362). The public may report to the C&ED regarding any suspected cases of false trade descriptions in relation to pet food. For cases of suspected contamination of pet food products, the public may contact the AFCD apart from making enquiries with the source of purchase and importer or distributor of the pet food concerned. The AFCD will assist the complainant by following up with the importer or distributor concerned. Consumers who are dissatisfied with pet food products may also seek the assistance of the Consumer Council.

- (e) As the safety of pet food in Hong Kong is generally satisfactory and its trade descriptions are regulated under the Trade Descriptions Ordinance (Cap. 362), we do not consider it necessary to introduce legislation to regulate pet food at this moment. The AFCD will continue to keep in view overseas development in the monitoring of pet food, as well as the general condition of the safety of local pet food. At the same time, the AFCD will gather information for compiling a catalogue of local major pet food products available in Hong Kong, with a view to facilitating follow-up on enquiries or complaints concerning such pet food in future. We will review animal welfare-related legislations from time to time to ensure that the regulation keeps pace with changing circumstances and meets the needs of our society.

Lost Trips of Franchised Buses

16. **MS STARRY LEE** (in Chinese): *President, according to the information of the Transport Department (TD), the rates of deviations of the actual bus trips from the scheduled trips (lost trip rates) of franchised bus routes in the three districts of Kowloon City, Sham Shui Po and Yau Tsim Mong were -11.1%, -9.8% and -9.3% respectively last year and were the highest among other routes across the territory. The Government explained that lost trips of buses were attributed to traffic congestion, traffic incidents, breakdowns of vehicle and staff shortage. In this connection, will the Government inform this Council:*

- (a) of the respective lost trip rates of the various franchised bus routes passing or terminating in the various districts mentioned above in the past three years (set out in table form);*
- (b) of the respective numbers and nature of complaints concerning the franchised bus routes in part (a) in the past three years; among such complaints, the number of those involving lost trips;*
- (c) what specific solutions the franchised bus companies have for the problem of staff shortage; and*
- (d) whether any specific action has been taken to improve the situation of lost trips of franchised buses?*

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

- (a) There were 209, 208 and 207 franchised bus routes passing through Kowloon City, Sham Shui Po and Yau Tsim Mong or terminating in these three districts in 2009, 2010 and 2011 respectively. The lost trip rates of the bus routes concerned are at Annexes 1 to 3.*
- (b) In 2009, 2010 and 2011, the number of complaints received by the TD via the Transport Complaints Unit of the Transport Advisory Committee involving bus routes passing through Kowloon City, Sham Shui Po and Yau Tsim Mong or terminating in these three districts were 1 094, 1 374 and 1 785 respectively. These complaints on franchised bus services were on service*

frequency/passenger capacity, routings, operating hours, fares, cleanliness of vehicle compartments, passenger facilities, and staff conduct and performance, and so on. The respective number of complaints involving irregularities in service frequency over the past three years were 315, 512 and 760.

- (c) Lost trips of franchised bus services can be attributed to a number of factors. Some are within the control of the bus companies (such as non-attendance and wastage of bus drivers and vehicle breakdown) while some are not (such as road congestion and traffic incidents). The increase in lost trip rates in 2011 was primarily a result of shortage of bus drivers and more congested roads.

The Government is very concerned about the lost trip situation of one bus company owing to shortage of bus drivers. We have urged the relevant bus company to take proactive measures to recruit new bus drivers and retain serving ones. To reduce non-attendance and wastage of bus drivers, it is understood that the bus company concerned has taken the initiative to recruit additional bus drivers through more channels, expand the capacity of its bus driver training school, review bus drivers' remuneration (including providing special bonus to serving bus drivers and new ones who have successfully passed probation), enhance staff welfare, improve working environment, strengthen communication with bus drivers, and so on. The Government has noted that the situation of lost trip caused by non-attendance and wastage of bus drivers has improved after the implementation of the aforementioned measures.

- (d) The TD has put in place a well-established statutory and administrative mechanism to closely monitor the service delivery of various franchised bus companies. Such monitoring is conducted through field surveys and inspections, examination of regular reports submitted by the bus companies (covering number and turnover rate of serving bus drivers, average daily number of bus trips made, and so on), regular meetings with the bus companies, and so on.

For each non-compliance case including lost trips, the TD will require the bus company concerned to investigate the cause and take

appropriate rectification actions. If the lost trips are caused by factors beyond the bus companies' control or anticipation, the TD will explore with them measures which can help improve the stability of service frequency. For example, they include re-routing or adjusting the timetable to tie in with the actual journey time. Regarding lost trips which are within the control of the franchised bus companies, the TD will require the company concerned to implement improvement measures within a specified period to rectify the problem. In case the franchised bus company concerned fails to make timely improvement on factors within its control (such as vehicle breakdown and driver shortage) and provide reasonable explanations, the TD will issue reminder letters or even warning letters to the bus company and conduct follow-up surveys to ascertain the effectiveness of its improvement measures.

If there is still no sign of improvement after the bus company concerned is allowed a reasonable period of time to implement rectification measures, the Administration may recommend the Chief Executive-in-Council (CE-in-C) to impose financial penalty on the bus company according to section 22 of the Public Bus Services Ordinance (the Ordinance). If the bus company fails without good cause to maintain a proper and efficient public bus service in respect of any specified route, the Administration may recommend the CE-in-C to revoke its right to operate the route concerned or its franchise altogether under section 24 of the Ordinance.

Regarding the persistently high rate of lost trips concerning a particular bus company, the Commissioner for Transport issued two warning letters in December 2011 and mid-March 2012 respectively to solemnly demand improvements by the bus company. Unless lost trips are notably decreased by end-June 2012, the bus company may not be regarded as having maintained a proper and efficient public bus service with attendant legal consequences. The TD will continue to keep the situation closely in view and actively follow up on the matter. If necessary, it is prepared to take punitive actions in accordance with the Ordinance as appropriate.

Deviations between scheduled trips and actual trips in 2009

| | <i>Kowloon City</i> | <i>Sham Shui Po</i> | <i>Yau Tsim Mong</i> |
|--|---|---|--|
| Average actual trips operated in accordance with Schedule of Service | <p>KMB routes: 11X, 13X, 30X, 42C, 62X, 230X, 85X, 259D</p> <p>Citybus routes: E23</p> <p>Cross-harbour routes: 170</p> | <p>KMB routes: 30X, 35A, 36B, 38A, 41A, 42A, 42C, 59S, 62X, 72, 230X, 242X, 259C, 259D, 260B, 272P, N269</p> <p>Cross-harbour routes: 112, N171</p> | <p>KMB routes: 11X, 13X, 30X, 35A, 36B, 41A, 42A, 59S, 230X, 237A, 242X, 252B, 259C, 260B, 260X, 261B, 267S</p> <p>Citybus routes: A10, A12, E11</p> <p>Cross-harbour routes: 112, 170, 960, 967, 968, N171, N962</p> |
| Percentage of lost trips below or equivalent to 5.0% | <p>KMB routes: 2B, 2C, 2D, 2E, 3B, 3C, 5, 5D, 7, 7B, 8, 11D, 11K, 13D, 14, 15, 17, 26, 27, 41, 42, 45, 61X, 75X, 80M, 81C, 81M, 82M, 85, 85A, 85B, 85C, 86, 86A, 87A, 87B, 88M, 93K, 95, 98C, 203, 203E, 215X, 258D, 268B, 268C, 269B, 269C, 270A, 280P, 281A, 296D, 297, N216, N271, N293</p> <p>Citybus routes: A21, A22</p> <p>NWFB routes: 796B, 796C, 796X</p> | <p>KMB routes: 2B, 2C, 2D, 2E, 6, 12, 30, 31B, 32, 33A, 36A, 37, 41, 42, 44, 45, 46, 46X, 52X, 59A, 59X, 61X, 66, 66X, 69X, 81, 86, 86A, 86B, 87A, 87B, 98C, 203, 238X, 258D, 268C, 269C, N237, N241, N260</p> <p>Citybus routes: A21, E21, N21</p> <p>NWFB routes: 701, 702, 796C</p> <p>Cross-harbour routes: 102, 104, 117, 118, 904, 905, 914, 970, 971, N118, N122</p> | <p>KMB routes: 2C, 2D, 2E, 3C, 5, 6, 7, 8, 11K, 12, 13D, 14, 26, 27, 31B, 32, 33A, 37, 41, 42, 44, 45, 46, 52X, 59X, 66X, 69X, 81, 81C, 87A, 87B, 93K, 95, 98C, 203, 203E, 215X, 238X, 259B, 268B, 269B, 270A, 280P, 281A, 296D, N216, N241, N271, N293</p> <p>Citybus routes: A11, A21, E21, N11, N21</p> <p>NWFB routes: 701, 796C</p> |

| | <i>Kowloon City</i> | <i>Sham Shui Po</i> | <i>Yau Tsim Mong</i> |
|---|--|--|---|
| | Cross-harbour routes: 103, 104, 106, 108, 109, 111, 113, 115, 116, 182, 305, N121, N170, N182 | | Cross-harbour routes: 102, 103, 104, 106, 108, 109, 110, 111, 113, 115, 116, 117, 118, 182, 301, 904, 905, 914, 930, 934, 935, 948, 961, 962, 970, 971, 973, N118, N121, N122, N170, N182, N368, N969 |
| Percentage of lost trips above 5% and up to 10% | KMB routes: 1, 1A, 2A, 2F, 5A, 5C, 6C, 6F, 9, 10, 11, 12A, 16, 21, 24, 28, 38, 40, 72X, 86C, 87D, 98D, 219X, 224X, 271, 296C, N281 Cross-harbour routes: 101, 107 | KMB routes: 2, 2A, 2F, 6A, 6C, 6F, 12A, 38, 40, 43C, 58X, 60X, 63X, 67X, 68X, 86C, 234X, 296C Cross-harbour routes: 171 | KMB routes: 1, 1A, 2, 2A, 5A, 5C, 6A, 6C, 6F, 9, 10, 11, 12A, 16, 21, 24, 28, 40, 43C, 58X, 60X, 63X, 67X, 68X, 72X, 87D, 98D, 219X, 224X, 234X, 271, 296C, N281 Cross-harbour routes: 101, 107, 171, 969 |
| Percentage of lost trips above 10% | KMB routes: 6D, 8A, 11B, 18, 208, 212 | KMB routes: 6D, 18, 212, 265B | KMB routes: 6D, 8A, 18, 208, 212, 265B |

Note:

KMB — Kowloon Motor Bus Company (1933) Limited

Citybus — Citybus Limited

NWFB — New World First Bus Services Limited

Deviations between scheduled trips and actual trips in 2010

| | <i>Kowloon City</i> | <i>Sham Shui Po</i> | <i>Yau Tsim Mong</i> |
|--|---|---|---|
| Average actual trips operated in accordance with Schedule of Service | <p>KMB routes: 62X, 85X, 230X, 259D, 280P, N271</p> <p>Citybus routes: E23</p> <p>NWFB routes: 305, N170</p> | <p>KMB routes: 35A, 41A, 42A, 59S, 62X, 72, 230X, 242X, 259C, 259D, 272P, N269</p> <p>Cross-harbour routes: N171</p> | <p>KMB routes: 35A, 41A, 42A, 59S, 230X, 237A, 242X, 252B, 259B, 259C, 260B, 260X, 261B, 267S, 280P, N271</p> <p>Citybus routes: A10, A12, E11, N11</p> <p>Cross-harbour routes: 935, 960, 967, 968, N170, N171, N962, N969</p> |
| Percentage of lost trips below or equivalent to 5.0% | <p>KMB routes: 2B, 2D, 5D, 11X, 13X, 30X, 41, 42C, 61X, 81M, 85B, 86A, 86C, 87A, 87B, 88M, 98C, 258D, 268C, 270A, 281A, 297, N216, N281</p> <p>NWFB routes: 796C, 796X</p> <p>Citybus routes: A21, A22</p> <p>Cross-harbour routes: 103, 106, 111, 115, 170, N121, N182</p> | <p>KMB routes: 2B, 2D, 12, 30, 30X, 36B, 38A, 41, 42C, 43C, 44, 46, 52X, 61X, 86A, 86B, 86C, 87A, 87B, 98C, 258D, 268C, N237, N241, N260</p> <p>NWFB routes: 701, 702, 796C</p> <p>Citybus routes: A21, E21, N21</p> <p>Cross-harbour routes: 117, 904, 914, 970, 971, N118, N122</p> | <p>KMB routes: 2D, 11X, 12, 13X, 30X, 36B, 41, 43C, 44, 46, 52X, 87A, 87B, 98C, 270A, 281A, N216, N241, N281</p> <p>NWFB routes: 701, 796C</p> <p>Citybus routes: A11, A21, E21, N21</p> <p>Cross-harbour routes: 103, 106, 111, 115, 117, 170, 301, 904, 914, 934, 948, 961, 962, 969, 970, 971, 973, N118, N121, N122, N182, N368</p> |

| | <i>Kowloon City</i> | <i>Sham Shui Po</i> | <i>Yau Tsim Mong</i> |
|---|--|--|---|
| Percentage of lost trips above 5% and up to 10% | <p>KMB routes: 2C, 2E, 3B, 3C, 5, 5C, 6D, 8, 9, 10, 11D, 12A, 14, 15, 16, 17, 26, 27, 42, 45, 72X, 75X, 80M, 81C, 85, 85A, 85C, 86, 93K, 95, 203E, 215X, 269C, 271, 296D, N293</p> <p>Cross-harbour routes: 104, 107, 108, 109, 116, 182</p> | <p>KMB routes: 2C, 2E, 6, 6D, 12A, 31B, 32, 33A, 36A, 37, 42, 45, 46X, 58X, 59A, 59X, 60X, 66, 66X, 67X, 68X, 69X, 81, 86, 234X, 238X, 269C</p> <p>Cross-harbour routes: 104, 118, 171</p> | <p>KMB routes: 2C, 2E, 3C, 5, 5C, 6, 6D, 8, 9, 10, 12A, 14, 16, 26, 27, 31B, 32, 33A, 37, 42, 45, 58X, 59X, 60X, 66X, 67X, 68X, 69X, 72X, 81, 81C, 93K, 95, 203E, 215X, 234X, 238X, 271, 296D, N293</p> <p>Cross-harbour routes: 104, 107, 108, 109, 110, 116, 118, 171, 182, 930</p> |
| Percentage of lost trips above 10% | <p>KMB routes: 1, 1A, 2A, 2F, 5A, 6C, 6F, 7, 7B, 8A, 11, 11B, 11K, 13D, 18, 21, 24, 28, 38, 40, 82M, 87D, 98D, 203, 208, 212, 219X, 224X, 268B, 269B, 296C</p> <p>Cross-harbour routes: 101, 113</p> | <p>KMB routes: 2, 2A, 2F, 6A, 6C, 6F, 18, 38, 40, 63X, 203, 212, 265B, 296C</p> <p>Cross-harbour routes: 102, 112, 905</p> | <p>KMB routes: 1, 1A, 2, 2A, 5A, 6A, 6C, 6F, 7, 8A, 11, 11K, 13D, 18, 21, 24, 28, 40, 63X, 87D, 98D, 203, 208, 212, 219X, 224X, 265B, 268B, 269B, 296C</p> <p>Cross-harbour routes: 101, 102, 112, 113, 905</p> |

Note:

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NWFB — New World First Bus Services Limited

Deviations between scheduled trips and actual trips in 2011

| | <i>Kowloon City</i> | <i>Sham Shui Po</i> | <i>Yau Tsim Mong</i> |
|--|--|---|--|
| Average actual trips operated in accordance with Schedule of Service | <p>KMB routes: 13X, 62X, 230X, 259D, 280P, N271, N293</p> <p>Citybus routes: E23</p> <p>Cross-harbour routes: N170</p> | <p>KMB routes: 35A, 41A, 42A, 59S, 62X, 72, 230X, 242X, 259C, 259D, 272P, N269</p> <p>Cross-harbour routes: N118, N171</p> | <p>KMB routes: 13X, 35A, 41A, 42A, 59S, 230X, 237A, 242X, 252B, 259B, 259C, 260B, 260X, 261B, 267S, 280P, N271, N293</p> <p>Citybus routes: A10, A12, E11, N11</p> <p>Cross-harbour routes: 301, 960, 968, 969, N118, N170, N171, N962, N969</p> |
| Percentage of lost trips below or equivalent to 5.0% | <p>KMB routes: 2B, 2D, 30X, 42C, 61X, 85X, 88M, 98C, 215X, 258D, 268C, 269C, 297, N216</p> <p>NWFB routes: 796C, 796X</p> <p>Citybus routes: A22</p> <p>Cross-harbour routes: 103, 115, 170, 305, N121, N182</p> | <p>KMB routes: 2B, 2D, 30X, 36A, 36B, 38A, 42C, 43C, 44, 52X, 61X, 81, 86B, 98C, 238X, 258D, 268C, 269C, N237, N241, N260</p> <p>NWFB routes: 701, 702, 796C</p> <p>Citybus routes: E21, N21</p> <p>Cross-harbour routes: 117, 171, 904, 970, 971, N122</p> | <p>KMB routes: 2D, 30X, 36B, 43C, 44, 52X, 81, 98C, 215X, 238X, N216, N241</p> <p>NWFB routes: 701, 796C</p> <p>Citybus routes: A11, E21, N21</p> <p>Cross-harbour routes: 103, 115, 117, 170, 171, 904, 930, 935, 948, 961, 962, 967, 970, 971, 973, N121, N122, N182, N368</p> |

| | <i>Kowloon City</i> | <i>Sham Shui Po</i> | <i>Yau Tsim Mong</i> |
|---|---|--|--|
| Percentage of lost trips above 5% and up to 10% | <p>KMB routes: 2E, 5D, 11, 11D, 11K, 11X, 13D, 14, 15, 16, 17, 27, 40, 41, 75X, 80M, 81C, 81M, 85A, 85C, 86, 86A, 86C, 87B, 95, 98D, 270A, 271, 281A, 296D, N281</p> <p>Citybus routes: A21</p> <p>Cross-harbour routes: 104, 106, 107, 108, 109, 111, 116, 182</p> | <p>KMB routes: 2E, 6, 31B, 32, 37, 40, 41, 46, 46X, 59A, 59X, 63X, 66, 66X, 67X, 86, 86A, 86C, 87B, 234X</p> <p>Citybus routes: A21</p> <p>Cross-harbour routes: 104, 118, 914</p> | <p>KMB routes: 2E, 6, 11, 11K, 11X, 13D, 14, 16, 27, 31B, 32, 37, 40, 41, 46, 59X, 63X, 66X, 67X, 81C, 87B, 95, 98D, 234X, 270A, 271, 281A, 296D, N281</p> <p>Citybus routes: A21</p> <p>Cross-harbour routes: 104, 106, 107, 108, 109, 111, 116, 118, 182, 914, 934</p> |
| Percentage of lost trips above 10% | <p>KMB routes: 1, 1A, 2A, 2C, 2F, 3B, 3C, 5, 5A, 5C, 6C, 6D, 6F, 7, 7B, 8, 8A, 9, 10, 11B, 12A, 18, 21, 24, 26, 28, 38, 42, 45, 72X, 82M, 85, 85B, 87A, 87D, 93K, 203, 203E, 208, 212, 219X, 224X, 268B, 269B, 296C</p> <p>Cross-harbour routes: 101, 113</p> | <p>KMB routes: 2, 2A, 2C, 2F, 6C, 6D, 6F, 12, 12A, 18, 30, 33A, 38, 42, 45, 58X, 60X, 68X, 69X, 87A, 203, 212, 265B, 296C</p> <p>Cross-harbour routes: 102, 112, 905</p> | <p>KMB routes: 1, 1A, 2, 2A, 2C, 3C, 5, 5A, 5C, 6C, 6D, 6F, 7, 8, 8A, 9, 10, 12, 12A, 18, 21, 24, 26, 28, 33A, 42, 45, 58X, 60X, 68X, 69X, 72X, 87A, 87D, 93K, 203, 203E, 208, 212, 219X, 224X, 265B, 268B, 269B, 296C</p> <p>Cross-harbour routes: 101, 102, 110, 112, 113, 905</p> |

Note:

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Chinese Medicines Containing Bear Bile

17. **MS AUDREY EU** (in Chinese): *President, recently, the practice of some Mainland companies engaged in the research and development of bear bile products of collecting bear bile by extracting bile from live bears for making Chinese medicinal products has aroused discussion among the international media, which allege that such means of extraction is extremely cruel. In this connection, will the Government inform this Council:*

- (a) *of the current number of registered proprietary Chinese medicines (pCm) in Hong Kong that contain ingredients from bear gall bladders; whether it knows if such products include those made from bear bile extracted from live bears; if it knows, of the details; if not, the reasons for that; whether it will require holders of Certificate of Registration of pCm to provide the relevant information;*
- (b) *of the current number of Chinese medicine traders who possess or are engaged in the retail and wholesale trade of Chinese herbal medicines that contain ingredients from bear gall bladders; whether it knows if such Chinese herbal medicines include those made from bear bile extracted from live bears; if it knows, of the details; if not, the reasons for that; whether it will require Chinese medicine traders to provide the relevant information;*
- (c) *whether traders can import and export Chinese herbal medicines, pCm or related products that contain ingredients from bear gall bladders under the existing legislation; whether it knows if any trader is engaged in the import and export of Chinese herbal medicines, pCm or related products made from bear bile extracted from live bears; if it knows, of the details; if not, the reasons for that; whether it will require the importers and the exporters to provide the relevant information; and*
- (d) *whether it will introduce legislation to ban the possession, import/export, retail and wholesale of Chinese herbal medicines made from bear bile extracted from live bears?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, in Hong Kong, the import and export of Chinese herbal medicines, pCm and related products that contain ingredients from bear gall bladders are subject to control under the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586), which aims to give effect in Hong Kong to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The objective of the CITES is to strengthen trade controls through adoption of effective measures among governments of the contracting Parties, so as to effectively protect the endangered species of wild fauna and flora and to ensure that the sustainable use of wild fauna and flora will not be affected by international trade.

The import, introduction from the sea, export, re-export or possession of specimens of species listed in its Appendix I and Appendix II are subject to control under the Protection of Endangered Species of Animals and Plants Ordinance irrespective of whether they are alive, dead, parts or derivatives (including medicines) of the species.

At present, bears of all species are endangered species listed in the Appendices to the CITES, with some listed in Appendix I, and others listed in Appendix II. Under the above Ordinance, a total ban is generally imposed on the import, introduction from the sea, export, re-export, or possession for commercial purpose, of specimens of Appendix I species. Where Chinese herbal medicines, pCm and products containing ingredients of species listed in Appendix II are to be imported into Hong Kong, they must be accompanied by a CITES permit issued by the exporting country for inspection by an authorized officer at the time of their arrival in Hong Kong. For such items to be exported from Hong Kong, an export permit must be obtained in advance from the Agriculture, Fisheries and Conservation Department.

It is stipulated in the Chinese Medicine Ordinance (Cap. 549) that all products that fall within the definition of pCm must be registered before they can be imported, manufactured or sold in Hong Kong. In order to register, all pCm must meet the registration requirements prescribed by the Chinese Medicine Board under the Chinese Medicine Council regarding their safety, quality and efficacy. Currently, there are some 20 pCm containing ingredients from bear gall bladders and they are under transitional registration.

As for Chinese herbal medicines, the Chinese Medicine Ordinance has listed in Schedules 1 and 2 Chinese herbal medicines which are more commonly used in Hong Kong; the import/export, possession, wholesale and retail sale of these herbal medicines are subject to control under the Ordinance. "Bear gall bladders" are seldom sold in the form of Chinese herbal medicine in Hong Kong, and not included in the Schedules.

Emergency Alarm Services for Elderly

18. **MR ALBERT CHAN** (in Chinese): *President, I have learnt that once the Social Welfare Department (SWD), the Housing Department and the Hong Kong Housing Society (HS) approve the applications for grant for emergency alarm system (EAS) for elderly recipients, EAS service to all these applicants will be provided by the same service provider, and the amount of EAS grant involved in the services provided by that service provider has amounted to tens of millions of dollars in aggregation. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of applications for EAS grant received by various government departments concerned in each of the past three years;*
- (b) *of the names of the service providers which had been referred new cases of EAS grant by the government departments concerned and provided EAS services to these applicants, as well as the numbers of new cases referred by the government departments concerned to each service provider, in each of the past three years;*
- (c) *of the respective amounts of EAS grant involved in the EAS services provided by various service providers mentioned in part (b) for cases referred by the government departments concerned in each of the past three years; and*
- (d) *whether there are measures in place to ensure a level playing field in respect of the referral of cases of EAS grant to various EAS service providers by the government departments concerned; if there are, of the details; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, at present, the SWD and the Hong Kong Housing Authority (HA) provide, on a reimbursement basis, a one-off grant of up to \$2,500 to elders on Comprehensive Social Security Assistance (CSSA) and eligible elderly public rental housing tenants respectively for installing the EAS. CSSA elders may choose not to apply for this one-off grant, and opt for a recurrent grant of up to \$100 per month to cover the EAS monthly service fee instead. The HS pays the monthly fee to EAS service providers direct, on behalf of all elderly tenants living in its Elderly Persons' Units and other eligible elderly tenants.

Beneficiaries of the above arrangements are free to choose their own EAS service provider as appropriate. Assistance provided by the SWD, the HA and the HS does not cover recommending service providers to these beneficiaries or referring their cases to service providers. Although elderly tenants whose monthly fee is paid by the HS may only choose an EAS service provider from the HS's approved list, any EAS service provider may apply to be an approved provider. The HS will take into account factors such as service quality and technical standard, and adopt consistent criteria in assessing the applications.

My reply to Mr Albert CHAN's question is as follows:

- (a) In 2009, 2010 and 2011, one, two and one CSSA recipients were given the one-off grant for installing EAS respectively whilst on average 33 283, 36 434 and 38 771 CSSA recipients received the monthly grant for service fee payment respectively. The SWD does not have a breakdown of the new recipients among them.

In the same three years, the numbers of applications to the HA for one-off grants to install EAS were 1 750, 1 755 and 1 616 respectively. Of these, 5 030 were successful cases. The HS approved 179, 155 and 106 applications respectively for direct payment of the EAS monthly service fee.

(b), (c) and (d)

As the SWD, the HA and the HS do not refer applicants to EAS service providers, parts (b), (c) and (d) of the question are not applicable.

Education Support for Ethnic Minority Students

19. **MR ABRAHAM SHEK:** *President, it has been reported that a local Secondary Four student of Indian origin and her two brothers are going to sit for the General Certificate of Education Examinations (GCE), and it will cost the family a total of \$12,000 to pay the examination fees if they take all the GCE subjects, and the examination fee of GCE Advanced Subsidiary Level (AS-level)/Advanced Level (A-level) Chinese subject is already \$2,720/\$4,080, which is higher than that of the Hong Kong Diploma of Secondary Education (HKDSE) Chinese Language examination of \$540 paid by a local secondary student. It has also been reported that there are some 150 ethnic minority (EM) students who want to sit for the examinations of GCE Chinese subject, but no financial assistance has been provided by the Government. In this connection, will the Government inform this Council:*

- (a) *given that the Hong Kong Special Administrative Region is bound by the International Convention on the Elimination of All Forms of Racial Discrimination and that the Race Discrimination Ordinance (Cap. 602) has been enacted, whether it has assessed if the difference in the examination fee level set for local secondary students and that for EM students constitutes discrimination against EM students; if the assessment result is in the affirmative, of the details, and the measures it has taken to address the situation; if the assessment result is in the negative, the reasons for that;*
- (b) *of the respective numbers of EM students who had sat for the examinations of General Certificate of Secondary Examination (GCSE), and GCE AS-level and A-level Chinese subject in each of the past three years; whether it has considered any measure to provide financial assistance or scholarships to EM students who have to sit for such examinations due to academic and employment needs, with a view to meeting their financial needs in paying the relevant examination fees; if it has, of the details; if not, the reasons for that;*
- (c) *given that according to the government statistics in 2006, the median monthly income from main employment of the working EMs was \$3,500, whether the Government has assessed if the current examination fees for GCE AS-level and A-level Chinese subject are*

at an affordable level for the families of EM students; if the assessment result is in the negative, of the principles it adopted and the factors it considered when determining the levels of such fees, and whether it has considered reducing such fees; if it has, of the details; if not, the reasons for that;

- (d) *of the total cost of the manpower and resources incurred for organizing the examinations of GCE AS-level and A-level Chinese subject in the past three years, and whether the total amount of examination fees received from EM students taking such examinations were adequate in offsetting the total organizing cost; if a surplus was recorded after deducting the total cost, of the details of how the surplus was used; if a deficit was recorded, whether the Government has conducted an assessment to evaluate the effectiveness of organizing the examinations of GCE AS-level and A-level Chinese subject as alternatives to the HKDSE Chinese Language examination; if it has, of the details; if not, the reasons for that; and*
- (e) *given that a non-governmental organization (NGO), which fights for EM's interest, had sought help from the Community Care Fund (CCF) to subsidize EM students in need to pay for the examination fees for GCE AS/A-level subjects, but was rejected, of the reasons for the CCF to refuse to grant subsidy to the NGO concerned for such purpose; whether the Government will suggest the CCF to re-consider approving similar requests for subsidy in the coming financial year?*

SECRETARY FOR EDUCATION: President, my reply to the question raised by Mr SHEK is as follows:

- (a) and (c)

The Government is committed to facilitating non-Chinese speaking (NCS) students to adapt to the local education system and early integration into the community. We have put in place a series of support measures to enhance the teaching and learning, especially on Chinese language, of NCS students, drawing reference from research

findings which suggest that given support and empowerment, the learning outcome of some NCS students can be on par with that of local students. For NCS students who are able to attain Chinese proficiency comparable to their local counterparts, they are encouraged to take the Chinese Language paper in the HKDSE. Recognizing that some NCS students, in particular those who have a late start in learning Chinese or have not been given full opportunity to study the local Chinese curriculum, may prefer to attain alternative Chinese Language qualifications, we have administered the GCSE (Chinese) Examination in Hong Kong through the Hong Kong Examinations and Assessment Authority (HKEAA) since 2007, the qualification of which has been accepted as an alternative Chinese qualification for consideration for admission to University Grants Committee-funded institutions through the Joint University Programmes Admissions System as well as appointment to basic ranks in the Civil Service.

Eligible school candidates sitting for the GCSE (Chinese) Examination have been subsidized to the effect that the fee level of the GCSE (Chinese) Examination payable is on par with the Chinese Language paper in the defunct Hong Kong Certificate of Education Examination or HKDSE. Besides, starting from the 2011-2012 school year, the Examination Fee Remission has been extended to help eligible needy NCS students by granting full or half fee remission for the GCSE (Chinese) Examination.

It is worth noting that the Chinese Language examinations under the International General Certificate of Secondary Education and GCE are overseas examinations. The HKEAA administers these overseas examinations on a full-cost recovery basis and takes into consideration the charges of the relevant overseas examination boards and other related operating expenses in determining the fee levels for the examinations. The HKEAA will review annually the examination fees of these non-local examinations.

Against the above, differential examination fees level in this context is not considered as discrimination.

- (b) The HKEAA does not require candidates to indicate their ethnic origin or first language when registering for examinations including the aforementioned overseas examinations on the Chinese Language. As such, statistics on the number of NCS students taking these examinations are not available. The total number of candidates sitting for the Chinese Language examinations under the GCSE, GCE AS-level and A-level Examinations with breakdown by school and private candidate is at the Annex for reference.
- (d) At the Legislative Council's motion debate on "Reviewing the education policy for ethnic minority students" held on 8 February 2012, the Secretary for Education has undertaken to examine the desirability of NCS students' participation in the abovementioned examinations with reference to the different designs and relevant requirements for Chinese proficiency, the related support to schools/students in terms of teacher training and provision of teaching and learning materials, and so on, so that when enhancing assessment for learning, we may facilitate NCS students to cross over to different levels in the learning process in primary and secondary education to realize their potentials. In other words, should some NCS students consider GCSE (Chinese) Examination as having a relatively simpler content *vis-à-vis* their Chinese proficiency, they may contemplate taking alternative internationally recognized Chinese examinations whose contents and qualifications constitute, in their view, a more appropriate reflection of their level of attainment. The Education Bureau would explore the possibility of giving the NCS students the option of sitting for these overseas examinations instead and any financial assistance that may be required having regard to their financial needs.
- (e) The CCF rolled out a programme in September 2011 to provide financial assistance to EMs and new arrivals from the Mainland for taking language-related examinations for continuing education or employment. The target beneficiaries are non-school-attending persons from low-income families who have passed the means test establishing eligibility for assistance under specified assistance schemes, or whose monthly household income is below the specified income limit. Having regard to the views and suggestions from

stakeholders, the scope of assistance of the programme has been extended to cover the GCE (A-level/AS-level) and GCSE Chinese Language examinations to be taken by non-school-attending EMs and new arrivals.

Annex

Number of Candidates Sitting for the Chinese Language Examinations
Under GCSE, GCE AS-Level and A-Level Examinations
in 2009, 2010 and 2011

| <i>Examinations</i> | <i>Types of Candidates</i> | <i>2009</i> | <i>2010</i> | <i>2011</i> |
|------------------------|----------------------------|-------------|-------------|-------------|
| GCSE (Chinese) | School | 160 | 331 | 391 |
| | Private | 176 | 277 | NA* |
| | Total | 336 | 608 | 391 |
| GCE AS-Level (Chinese) | School | 5 | 7 | 5 |
| | Private | 45 | 20 | 32 |
| | Total | 50 | 27 | 37 |
| GCE A-Level (Chinese) | School | 38 | 15 | 40 |
| | Private | 167 | 101 | 124 |
| | Total | 205 | 116 | 164 |

Note:

* In 2011, GCSE (Chinese) was only offered to school candidates.

Hong Kong's Contingency Plan in Respect of Nuclear Incidents

20. **MR KAM NAI-WAI** (in Chinese): *President, regarding Hong Kong's contingency plan in respect of nuclear incidents, will the Government inform this Council:*

- (a) *whether it has assessed the number of people in Hong Kong to be evacuated when the Daya Bay Nuclear Power Plant is under an off-site emergency situation (that is, the radiological consequences of the emergency extend beyond the site boundary) and a reactor core meltdown takes place; if it has, of the details; if not, the reasons for that;*

- (b) *whether the existing manpower and resources of the Government, as well as the load capacity of Hong Kong's primary distributor roads, are adequate to cope with the need for people leaving Hong Kong in the event of nuclear incidents of varying levels; if so, of the details, if not, the reasons for that;*
- (c) *whether there will be electricity outages in various districts of the territory when a nuclear incident occurs at the Daya Bay Nuclear Power Plant; if so, of the reasons for that, and what measures it has, including whether back-up power supply will be available for temporary use, to deal with the situation;*
- (d) *of the evacuation zone in Hong Kong when a nuclear incident of the same level as the one that took place in Fukushima of Japan last year occurs at the Daya Bay Nuclear Power Plant; the criteria adopted for designating the evacuation zone; the criteria based on which the authorities determine whether it is necessary to extend the evacuation zone; and*
- (e) *given that the Security Bureau has announced earlier that it will conduct a drill under the Daya Bay Contingency Plan (DBCP) in the next quarter, of the details of the drill, including the exact date, scale as well as the participating government departments and organizations, and so on?*

SECRETARY FOR SECURITY (in Chinese): President, following the Fukushima nuclear accident in March 2011, the HKSAR Government launched a comprehensive review of the DBCP. We have completed the review and revised the DBCP, which has incorporated a series of enhancement measures including strengthening radiation monitoring and countermeasures on various fronts, enhancing public education and information dissemination arrangements, and so on. The Government is also planning to conduct a large-scale exercise in the second quarter of 2012 to test the co-ordination and response capabilities of Government Bureaux and departments. My reply to Member's question is as follows:

(a) and (d)

Contingency planning abides by the principle of accommodating all accidents that are reasonably foreseeable in conducting risk assessment based on sufficient scientific justifications. The outcome of the review confirms that it is appropriate to provide for the maximum range of 20 km from the Daya Bay Nuclear Power Plant as the "Emergency Zone". Depending on the scale of a nuclear accident, evacuation, sheltering or the use of thyroid blocking agents may be implemented as necessary as countermeasures within the zone. Ping Chau, currently with less than 10 usual residents, is the only landmass in Hong Kong within this zone. The arrangement has already taken into account the off-site emergency situation of a nuclear power station and the assessment on the seriousness of different accidents (including core meltdown and loss of containment integrity). This arrangement is also in line with the prevailing standards of the International Atomic Energy Agency (IAEA) and the most stringent requirements of advanced countries.

In the course of the DBCP review, the Hong Kong Observatory has notably applied a new computer software version and assessment system to simulate possible consequences to Hong Kong in case of the most serious accidents at the Daya Bay Nuclear Power Plant, including serious accidents classified as level 7 on the International Nuclear and Radiological Event Scale, which is the highest level. This computer-based system can ingest latest meteorological information as well as information on the magnitude of the radiological release to model the transport and dispersion of the released radioactive materials and predict the radiation dose to the public in various parts of the territory. The assessment has fully considered the worst case scenario that may be foreseen to happen at the Daya Bay Nuclear Power Plant, and its result confirms that maintaining the current 20 km range of the "Emergency Zone" is appropriate.

In the unlikely event of a nuclear accident, the Government will closely monitor the situation and assess the consequences to Hong

Kong of any radiological release and, in accordance with the latest criteria for intervention promulgated by the IAEA, consider if it is necessary to take any appropriate countermeasures or in which areas should countermeasures be warranted. Beyond the "Emergency Zone" where the vast majority of the areas in Hong Kong lie, even though there is a possibility of a transient passage of the radioactive plume, the most effective countermeasure for residents in the affected locations is to stay indoors. The concrete buildings in Hong Kong are effective in substantially reducing exposure to radiation.

We will continue to closely monitor any new standard that may be promulgated by the IAEA and advanced overseas countries following their nuclear safety inspections and reviews, and update and strengthen different aspects of the DBCP to meet the latest national or international safety levels.

- (b) The risk assessment based on scientific justifications confirms that even the most serious accidents in the nuclear power stations will not pose serious public health and safety risks within Hong Kong, and certainly will not warrant evacuation of a large number of members of public. In fact, during an emergency, the provision of timely, accurate and appropriate information to the public is the most effective way to stem unnecessary panic caused by rumours. A number of improvement measures have been incorporated into the latest revised DBCP to enhance the dissemination of public information during emergencies, which include making the most of the media and information technology through, for example, the launching of a dedicated DBCP website as a one-stop portal to provide the latest information, as well as the use of smartphone applications to reach the public more direct.
- (c) Should there be any emergency at Daya Bay Nuclear Power Plant that causes interruption to the electricity supply to Hong Kong, the power companies in Hong Kong can immediately utilize the spinning reserve available in the power system to ensure that the electricity supply in Hong Kong will not be affected. Even under extreme circumstances where the electricity supply to a few areas

may be temporarily affected, the spinning reserve can restore the electricity supply within 30 minutes.

- (e) Based on the revised DBCP, the planning of an inter-departmental exercise is now in full swing. Consultation with participating organizations and resident bodies is also in progress with a view to conducting the full-scale exercise in the second quarter of 2012. The exact date will be announced as soon as possible. The objectives of the exercise are to:
- test the co-ordination and response capabilities of bureaux and operational departments involved in the event of a serious off-site accident at the Daya Bay Nuclear Power Plant;
 - practise the command, control, planning, deployment and support organizations which would function during various stages when the DBCP is activated; and
 - test and practise the above in response to other emergencies or natural disasters that might possibly happen incidental to the off-site accident, based on the complementary support of the Emergency Response System.

The scope of the exercise will cover alerting procedures; activation of the DBCP; decision making and communication among bureaux and operational departments involved under the emergency response structure; radiation monitoring and assessment; plume countermeasures; ingestion countermeasures; boundary control measures; assistance to radiologically contaminated persons; dissemination of information to the public; and mechanism to handle the media and public enquiries.

We anticipate that over 30 bureaux and departments will send officers to participate in the exercise, typically those who will:

- make decisions in implementing the contingency plan and those in support;

- man the various co-ordination and control centres;
- attend the various emergency committees;
- answer press and public enquiries; and
- take part in the field operations.

Although the exercise is intended to test out the Government's co-ordination and command capabilities and departments' response functions, we also plan to invite relevant local resident bodies and volunteers to play an appropriate part, to enhance the realism and to test out certain procedures and arrangements. In addition, we will invite observers from the Mainland and overseas to evaluate the effectiveness as demonstrated by the exercise and the performance of the players and to make recommendations for improvements. We will also invite local experts to participate as observers, such as the professionals who have assisted us in the review of the DBCP.

BILLS

Second Reading of Bills

Resumption of Second Reading Debate on Bills

PRESIDENT (in Cantonese): Bills. This Council now resumes the Second Reading debate on the Appropriation Bill 2012. The public officers concerned will speak, after which the Financial Secretary will reply.

APPROPRIATION BILL 2012

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

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the SAR Government thanks Members for their views on the 2012 Budget. This

last Budget of the current-term government caters for the needs of different sectors of our society and provides a sound financial basis to the next-term government. I would first respond to the issues of concern to Members, and then, the Directors of Bureaux and the Financial Secretary would respond to the views of Members in different policy areas.

First of all, I would like to talk about the Community Care Fund (CCF). Quite a number of Members think that the Government should make use of the CCF to take care of those who cannot benefit from the relief measures in the Budget. The CCF has been in operation for more than a year and 15 assistance programmes have been introduced. It is expected that over 400 000 people, who suffer from livelihood problems but have fallen outside the social safety net due to various reasons, can be benefited.

Government departments and other organizations commissioned to implement these programmes have begun to review the overall situation of the programmes implemented, so as to assess the effectiveness of the measures and evaluate the social reaction to these measures. On the basis of the result of the review and the views of the Steering Committee on the Community Care Fund, we will include, under the Government's recurrent funding arrangements in the new financial year, appropriate programmes in order to carry on the caring spirit and the relevant work.

Members have expressed concerns about the grassroots who fail to benefit from the Budget. After much consideration, I stated the position of the SAR Government on 15 March. The Government would basically take care of these people, especially those living in bedspace apartments, cubicles and temporary housing. We would formulate certain criteria for the provision of one-off allowances to these people. Our objective is to establish principles through the existing work, so that the relevant Policy Bureaux and departments can make joint efforts and build up a base, on which we can conduct our work if we have to consider taking care of these people again in the future. After stating our basic stance, we will hand over the work to the relevant subcommittee of the CCF for deliberation. The Welfare Sub-committee discussed on 26 March the proposal to provide one-off allowances to the grassroots with poor living conditions, with a view to alleviating the financial pressures on this group of people because of inflation or rising rents.

As I have just explained, we need to assess the needs of low-income people living in bedspace apartments, cubicles and temporary housing as a start. Eligible persons should meet the household income limits for public housing application, they should not own properties and they should not be CSSA recipients. We have estimated that this programme involves around 12 000 households (a total of around 28 000 persons). As proposed by the Subcommittee, the one-off allowance is \$3,000 for a one-person household, \$6,000 for a two-person household and \$8,000 for households comprising three persons or more. The total estimated expenditure is around \$80 million to \$90 million, more than the originally proposed expenditure by various government departments. On the whole, the CCF should have sufficient resources to implement this programme.

The Steering Committee on the Community Care Fund will later convene a meeting to discuss this programme. We have a positive attitude towards this programme and we will expeditiously announce the details of the implementation after the proposal has been passed.

Over a period of time in the past, various Members and political parties in the Legislative Council have made some proposals and expressed concerns about this class of people. President, I hope that through this programme we can make joint efforts and co-operate with Members in continuing to take care of this class of people in the community.

I will now talk about the issue of non-local women giving birth in Hong Kong. Quite a number of Members are seriously concerned about the considerable increase in the number of non-local women giving birth in Hong Kong in the past few years, and these women have mainly come from the Mainland. We understand the grave concern of various sectors of the community about the impacts on the use of obstetric and neonatal services by local residents, and that local resources may be taken up by these babies in the future, putting pressure on Hong Kong in respect of education, welfare, healthcare, housing and employment. I will now briefly discuss healthcare services and cross-boundary students.

On healthcare services, I must reiterate that it is a policy of the SAR Government to ensure that Hong Kong residents have priority in the use of medical services. Therefore, we will only allow a specific quota of non-local

pregnant women to give birth in Hong Kong in an orderly and safe manner, whilst a sufficient volume of services have been reserved for local pregnant women.

Since June 2011, the SAR Government has introduced additional measures to ensure that adequate quota for the obstetric services of public and private hospitals can be put aside for according priority to local women. In 2012, the number of non-local pregnant women giving birth in Hong Kong will be limited to 35 000 (3 400 in public hospitals and around 31 000 in private hospitals), nearly 20% less than the total number of non-local pregnant women giving birth in Hong Kong in 2011, which amounted to some 43 000. Non-local pregnant women must receive prenatal care by local doctors and complete the booking formalities.

Moreover, to curb the dangerous behaviours of non-local pregnant women without booking for obstetric services seeking emergency deliveries through the accident and emergency (A&E) departments shortly before labour, the departments concerned have also strengthened immigration control and taken other administrative measures, including the following:

- (a) the Department of Health has deployed additional Health Surveillance Assistants (HSAs) to Boundary Control Points (BCPs) to assist immigration officers in identifying non-local pregnant women, and it will gradually deploy additional medical staff to provide medical support for immigration officers;
- (b) the Immigration Department will strengthen the prosecution and repatriation of illegal non-local pregnant women. The Immigration Department and the police will maintain close communication with the Mainland authorities to fight against the illegal acts of intermediaries and intermediary companies; and
- (c) the Licensing Office of the Home Affairs Department has stepped up surveillance and enforcement actions on suspected unlicensed guesthouses.

The above administrative measures have achieved certain effects. Currently, the weekly cases of non-local pregnant women who have not made

booking but seeking emergency deliveries through the A&E departments has reduced from 40 to some 50 in October 2011 to some 20 in mid-March 2012. We will continue to implement such measures and review their effectiveness from time to time. When necessary, we will consider introducing other measures and making greater efforts to intercept non-local pregnant women giving birth in Hong Kong without permission.

We mainly adhere to two principles in respect of the supply of school places and cross-boundary students attending schools in Hong Kong: first, we must ensure that there are sufficient school places for local students; second, we must take into account the safety of cross-boundary students.

For the sake of the safety and security of students, our position is that parents should first consider arranging their children to attend schools near to their place of residence. Unless there is no alternative, they should not arrange their young children to receive pre-primary and primary education across the boundary.

To safeguard the safety of cross-boundary students, the SAR Government will provide facilitating measures at land-based BCPs to help parents make appropriate school choices, so as to avoid their selection of schools adjacent to excessively crowded BCPs. We will also contact schools and the relevant organizations, to explain the restricted area traffic arrangements in various BCPs to help students attend schools safely.

The relevant Policy Bureaux and departments have already been studying the issue of non-local pregnant women giving birth in Hong Kong and the impacts on our society and population. The Steering Committee on Population Policy is prepared to release a report on the overall population policy within the second quarter this year and it will then give a further account of this issue.

Last but not least, regarding the question raised by Dr Margaret NG on judicial manpower and resources, we have sought the advice of the Judiciary and I will now give a response on behalf of the Judiciary.

The Judiciary fully understands that there must be adequate resources to maintain the highest professional standards of the judicial system, uphold the rule of law, protect individual rights and freedoms, and gain the confidence of local residents, Mainlanders and international communities in our judicial system.

For this purpose, the Judiciary will review the judicial establishment and manpower from time to time according to operational needs.

The Judiciary conducted a comprehensive review on the judicial establishment in 2008. Based on the result of the review, and with the approval of the Finance Committee of the Legislative Council in July in the same year, seven judicial posts had been created. The Judiciary subsequently carried out recruitment for courts at all levels and made a total of 36 judicial appointments to fill the new posts and vacancies. This had significantly increased the substantive judicial manpower in the year 2009-2010.

The Judiciary conducted another comprehensive review on the judicial establishment in 2011. The judicial establishment at that time was the same as that in July 2008 after the creation of new judicial posts. The result of the review showed that, in terms of workload, the establishment at the time was generally quite sufficient to meet the operational needs of the Judiciary.

The Judiciary also understands that, in the long run, there should be another recruitment exercise for the vacancies in courts at all levels arising from the retirement and promotion of Judges and judicial officers. Before the judicial vacancies have been filled, the Judiciary will continue to appoint Judges and judicial officers on short-term basis to help shorten the waiting time of cases. This issue was discussed at the meeting of the Panel on Administration of Justice and Legal Services of the Legislative Council in June 2011.

To cope with the increasing workload of the Lands Tribunal, especially the increase in compulsory land sale cases since 2009, the Judiciary will propose the creation of two additional judicial posts in the Lands Tribunal within this Legislative Council Session; in other words, there will be an additional District Judge post and an additional Lands Tribunal Member post.

Furthermore, upon the passage of the Competition Bill and the establishment of the Competition Tribunal within the Judiciary, the Judiciary will create two more judicial posts, including a Judge of the Court of First Instance of the High Court post and a Deputy Registrar post. I know that the Panel on Administration of Justice and Legal Services of the Legislative Council will have further discussions on judicial manpower in May 2012.

According to the Judiciary, since the Chief Justice of the Court of Final Appeal assumed office in September 2010, his primary work areas are the recruitment and succession of judicial officers in courts at all levels. The Chief Justice is of the view that the timing and numbers of recruitment need to be carefully planned to achieve the best result. Having considered all the relevant conditions, including the vacancies in courts at all levels and the fact that the last recruitment exercise was conducted in 2008-2009 and concluded in 2009-2010, the Judiciary has conducted a new recruitment exercise in June 2011, which is expected to be concluded in 2012-2013. The Judiciary is cautiously optimistic about the result of this recruitment exercise. After the conclusion of this recruitment exercise, the Chief Executive expects that most (though not all) of the vacancies in courts at all levels will be substantially filled by suitable candidates.

Before the newly appointed substantive judicial officers have assumed office, the Judiciary will continue to appoint judicial manpower on short-term basis, to the extent practicable, to help shorten the waiting time of the cases in courts at all levels. It can be seen from the "Head 80 — Judiciary" Controlling Officer report that, the average waiting time for Family Court cases in 2011 was maintained within the target range. It is learnt that the Judiciary has deployed additional short-term judicial resources, to help the Family Court cope with the growing workload.

If most of the vacancies have been filled after this recruitment exercise, the Chief Justice will conduct another comprehensive review of the judicial officer establishment if deemed appropriate. Apart from the workload, the complexity of the case and the effectiveness of a reform of the civil judicial system will also be taken into consideration. In case the review result shows that the judicial officer establishment needs further strengthening, the Judiciary will make proposals related to judicial manpower resources to the Administration and the Legislative Council under the established mechanisms and procedures.

President, I so submit, and I hope Members would support this Budget.

SECRETARY FOR EDUCATION (in Cantonese): President, the Government has all along been investing heavily in education for the purpose of nurturing human capital, thereby facilitating social mobility. No matter how our economy

fares, after the reunification, education has consistently been the largest spending area of the Government's total expenditure, representing about one fifth of its total recurrent expenditure. In the 2012-2013 financial year, the total expenditure on education is estimated at \$79.1 billion and recurrent expenditure is nearly \$60 billion, a jump of 28% compared with 2007-2008.

First of all, I would like to talk about pre-primary education.

In the past few years, we have implemented a number of important education policies. On pre-primary education, we launched the Pre-primary Education Voucher Scheme in the 2007-2008 school year to provide direct subsidy for parents. While this provides parents with diversified options, it also promotes the flexible and quality development of pre-primary education. At present, over 80% of kindergarten parents choose to enrol their children in schools participating in the Scheme. In the 2010-2011 school year, the Scheme benefited a total of 120 000 school children with subsidies amounting to \$1.9 billion. We also provide school fee remission under the Kindergarten and Child Care Centre Fee Remission Scheme to ensure that children will not be deprived of the opportunity for kindergarten education due to lack of means.

During the Budget debate, there were Members who advocated the provision of 15-year free education. We have been listening carefully to public views and will continue to offer pragmatic support to kindergarten education and improve early childhood education on a sound basis. The proposal to implement free pre-primary education or to incorporate kindergartens into the subvented education sector will have profound impacts. We must first elucidate our goals, undertake in-depth study and carefully consider the relevant proposals and various options. We should also maintain dialogue with stakeholders and seek the views of different sectors.

Next, I will talk about primary and secondary education.

On primary and secondary education, in the past few years, we have been increasing recurrent expenditure. We implemented 12-year free education in 2008, incurring an additional annual expenditure of \$1.2 billion. We have also introduced small class teaching in primary schools progressively since 2009. Due to the increased number of classes, more teaching staff and resources are required, and the estimated additional expenditure will reach \$2.1 billion a year.

We also started to reduce in phases the number of students allocated to each Secondary One class from 38 to 34. It is estimated that the additional expenditure involved will reach \$1.4 billion a year. Furthermore, we have also allocated a huge amount of resources to improve the student-teacher ratio, thereby enhancing teaching and learning outcomes and relieving teachers' workload. The student-teacher ratio of primary and secondary schools had decreased from 20.4:1 and 18.2:1 in the 2002-2003 school year to 14.9:1 and 15.3:1 respectively. In 2009, we implemented the new senior secondary academic structure and enhanced the ratio of graduate teacher posts in public sector primary and secondary schools. These measures are expected to involve an additional expenditure of about \$1.6 billion in the 2012-2013 school year.

There are Members who advocate the comprehensive introduction of small or medium class teaching in secondary schools. I wish to point out that small class teaching is a method of teaching. International studies have suggested that it is more effective when students are small and its effectiveness tends to wane according to students' age.

With regard to secondary education, both the declining student population and under-enrolment in individual schools are objective facts. We appreciate the concerns of the sector and preparations have been made for this a few years ago. By allocating a huge amount of resources, a number of relief measures have been introduced to stabilize the teaching force. The sector also agrees that small class teaching is a teaching strategy and must take into consideration the supply and demand of school places in each district. It cannot be implemented overnight. Small class teaching involves long-lasting structural changes, and has profound impacts on the adjustment of teaching mode and the allocation of secondary education funding. Actually, the problem cannot be resolved by one single measure. We should therefore grasp the opportunity presented by the implementation of the academic structure for senior secondary education and the declining Secondary One student population, consult the stakeholders and consider appropriate measures to further enhance the effectiveness of teaching and learning in secondary education.

There are Members who are concerned about the provision of care and support for the disadvantaged students. In last year's Policy Address, the Chief Executive announced that the Government would further extend the School-based Educational Psychology Service, giving secondary and primary schools greater

support to help students with dyslexia and other special educational needs. This mode of service, now covering about 50% of schools, will be extended progressively to cover all public sector secondary and primary schools by the 2016-2017 school year. The estimated additional expenditure is about \$36 million per year upon full implementation.

To further enhance the student guidance service in primary schools, we will provide a top-up student guidance service grant for public sector primary schools from the 2012-2013 school year. It is estimated that about 70% of the primary schools in Hong Kong will receive a top-up grant of \$100,000 or more. The additional expenditure is estimated to be about \$58 million in the 2012-2013 school year.

With regard to international schools, there are Members who are concerned about the supply of international school places. We will continue to promote the development of international schools so as to meet the demand for school places from families coming from overseas to Hong Kong for work or investment. Upon completion of the four international schools built on newly developed sites, it is estimated that school places will increase by about 5 000. We will continue to closely monitor the supply of international school places and maintain appropriate liaison with the international schools.

Regarding the new academic structure and the multiple pathways, we have allocated substantial resources to implement the New Senior Secondary (NSS) academic structure and introduce various measures to ensure that, through a broad, balanced and diversified NSS curriculum, the first batch of senior secondary school graduates can develop their potential to the full and realize their aspirations. The first Hong Kong Diploma of Secondary Education (HKDSE) Examination will be held between March and May, and examination results will be announced on 20 July. On that day, students will receive a HKDSE transcript which clearly set out what they have learnt and achieved. The new diploma has gained the recognition of local post-secondary institutions, employers and the rest of the world, thereby facilitating students' further education and employment abroad.

Some Members have expressed concern about the pathways of secondary school graduates. We agree to adopt a two-pronged strategy by actively promoting the parallel development of self-financing and publicly-funded

institutions, and ensuring that equal emphasis will be given to both quality and quantity, with a view to providing young people with quality, diversified and flexible education pathways with multiple entry and exit points. For the publicly-funded sector, the University Grants Committee will increase first-year-first-degree places to 15 000 for each cohort from the 2012-2013 school year and progressively increase senior year intake places to 4 000 each year. The annual expenditure is estimated to be about \$1.178 billion upon full implementation. We will also promote the development of self-financing tertiary institutions.

In the 2012-2013 Budget, the Financial Secretary proposed to earmark \$2.5 billion to launch the sixth Matching Grant Scheme in the post-secondary education sector. For the first time, the Scheme will cover all statutory and approved post-secondary institutions to further consolidate their development. Furthermore, given that the scholarship schemes under the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Education Fund are well-received, we propose to make two separate injections of \$1 billion each, bringing the total to \$2 billion, into these two funds to establish diversified scholarships or award schemes to give recognition to more students with outstanding academic performance or remarkable achievements in other areas. We estimate that a total of 10 000 students will benefit each year.

In the 2012-2013 Budget, the Financial Secretary also proposed to earmark \$1 billion to implement a new programme under the NSS academic structure modeled on Project Yi Jin. The aim is to provide an alternative pathway for students to acquire a formal qualification other than the HKDSE Examination. We expect that in addition to post-secondary places (including first-degree and sub-degree programmes), the new Project Yi Jin programme, vocational education or training courses and other programmes will by and large meet the needs of about 100 000 students in the double cohort year of 2012. Besides, more than 2 000 places will be provided by 63 Mainland higher education institutions participating in the pilot scheme to exempt Hong Kong students from taking the joint entrance examination.

We estimate that, by the 2014-2015 school year, over one third of the relevant age cohort will have the opportunity to pursue degree-level education. Including the sub-degree places, over two thirds of our young people in the

relevant age group will have access to post-secondary education, which will be more than double as compared with the level of about 30% a decade ago.

With regard to student financial assistance, government policy for student financial assistance is to ensure that no student will be denied access to education due to lack of means. In the 2010-2011 school year, the Student Financial Assistance Agency (SFAA) disbursed grants and loans of over \$4.6 billion, benefiting more than 360 000 students or one third of the total number of full-time students. Following a series of improvement measures, including relaxing the income ceiling for full level of assistance under the means test mechanism, increasing school textbook assistance for primary and secondary school students, as well as enhancing the Kindergarten Fee Remission Scheme, and so on, it is estimated that the total grants and loans to be disbursed by the SFAA in the 2011-2012 school year will increase by \$800 million to about \$5.4 billion. In the 2012-2013 school year, with more secondary school graduates of the double cohort pursuing post-secondary education and the increase in kindergarten student population, the expenditure on student grants and loans to be disbursed is expected to increase further by around \$600 million to over \$6 billion.

There are two initiatives on student financial assistance in the 2012-2013 Budget. First, the Education Bureau is reviewing the interest rate and the repayment period of the means-tested living expenses loans, with a view to easing the repayment burden of student loan borrowers. Subject to the approval of the Finance Committee, the improvement measures will be launched in the 2012-2013 school year.

Moreover, in light of economic uncertainties in the coming year, we proposed to offer all student loan borrowers who complete their studies in 2012 the option to start repaying their student loans one year after completion of studies. This will alleviate the financial burden of fresh graduates and allow them more time to secure a stable job. It is estimated that about 26 000 graduates will benefit from this measure.

Meanwhile, we have commenced the Phase 2 public consultation on the Review of Non-means-tested Loan Schemes for post-secondary students in November last year. Proposals put forward include measures seeking to ease the

repayment burden of student loan borrowers. If the proposals are supported by the public, we will implement them in phases starting from the next school year.

President, as Hong Kong advances towards a knowledge-based economy, we will invest for the future with foresight by continuously and vigorously deploying resources for education, stepping up manpower training so as to enhance the quality of Hong Kong's human resources and its competitiveness, with a view to meeting all opportunities and challenges. We will seriously consider and formulate major policy initiatives, and maintain close liaison with the education sector and people from all walks of life, with a view to formulating appropriate and viable plans.

Thank you, President.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, a healthy, clean and hygienic environment is the cornerstone to social stability and prosperity. In 2012-2013, the recurrent government expenditure earmarked by the Government for food safety and health amounts to \$50.2 billion, which is some \$3.5 billion more than that of last year.

In respect of enhancing food safety, the Government has done a wide spectrum of work. In the past five years, we have introduced 11 pieces of new legislation or legislative amendments to perfect the law on food safety. In the past decade, with our monitoring and enforcement efforts, we managed to maintain the overall satisfactory rate of food tested in Hong Kong at over 99%. We have responded promptly and effectively to a number of food safety incidents with an objective and scientific approach, including the incidents concerning nuclear power plant in Fukushima of Japan, plasticizer found in Taiwanese food, and so on.

The Food Safety Ordinance, which fully commenced on 1 February 2012, has introduced a food tracing mechanism which is vital to our food safety monitoring mechanism. I thank members of the food industries, Members of the Legislative Council and the public for their support and efforts to tie in with the work of the Government.

In face of rising food prices in various places in recent years, the Government is fully aware that a stable and adequate supply of food can help alleviate the pressure of general price hikes. Thus, the Government has all along encouraged and assisted the industries to expand their selection of food products. The Mainland is the most important source of food supply to Hong Kong. The SAR Government has maintained a very close liaison with the Ministry of Commerce, General Administration of Quality Supervision, Inspection and Quarantine, Ministry of Agriculture and various local units in charge of inspection and quarantine in the Mainland, so as to jointly and promptly respond to unforeseeable food or public health incidents which are of concern to both sides.

Moreover, to support the sustainable development of our local agriculture and fisheries is another way to replenish our food supply. The Agriculture, Fisheries and Conservation Department (AFCD) has all along assisted farmers in improving their product quality and actively developing markets for high-end specialized products. The Organic Farming Support Service introduced by the AFCD actively promotes organic farming and develops local organic vegetable markets, including assisting members of the industry in organizing holiday wet markets and the annual FarmFest. The FarmFest this year has attracted more than 280 000 visitors.

In respect of fisheries, the legislation relating to the trawl ban will take effect at the end of this year. Hong Kong is one of the few economies in the world which takes the lead to implement a trawl ban in Hong Kong waters. We have already presented the Fisheries Protection (Amendment) Bill 2011 (the Bill) to the Legislative Council, which seeks to control the fishing effort in Hong Kong waters and protect fish spawning and nursery grounds. I anticipate that the Legislative Council will soon resume the Second Reading debate of the Bill. We have also reviewed the *ex gratia* allowances for fishermen and mariculturists affected by marine works and the proposal concerned will be presented to the Finance Committee in May.

A number of Members have expressed concerns over the regulation of columbaria and the management of fixed-pitch hawker areas. The Government has all along been proactive in handling these two livelihood-related issues which are now under public consultation. We will carefully analyse the views collected and kick start as soon as feasible the drafting of a legislative proposal on

private columbaria. We will also finalize an appropriate package for fire prevention management of hawker stalls in the long run.

In respect of safeguarding animal welfare, we have stepped up efforts in publicity and education to lower the number of stray animals at source. Additional resources have been allocated to actively promote the animal re-homing scheme and provide a free neutering service for all cats and dogs adopted. Moreover, the legislation on regulating pet trade is now under review. We hope that the review will strengthen the regulation on the breeding and trading of pet animals. In the motion debate later, I will go into greater details of the government work on animal welfare.

Moreover, I would also like to respond to the question of rental adjustment of government wholesale food markets. Rental adjustment is determined with reference to the cost recovery principle, and the upward rental adjustments are mainly attributable to the higher costs incurred in engaging contract cleansing and security services. The Government is of the view that the rental adjustment mechanism which has been effective in operation should be maintained. We will carefully consider the concerns of the industry and make further announcements later.

In respect of healthcare, as a responsible government, we must strive to safeguard the health of the people, so as to ensure that no one will be deprived of healthcare services due to a lack of means.

The professional standard, ethics and code of practice of our healthcare team are the key to the quality of healthcare services. Like other places in the world, an ageing population has placed heavy strains on our healthcare system. Public healthcare services in Hong Kong are heavily funded by the Government, with a subsidized rate of over 95%. We must ensure that our limited financial resources are able to support public healthcare services to meet the demand while funding the long-term sustainable development of such services. Hence, we have laid down a long-term planning on the healthcare service reform. I must reiterate that professional and quality public healthcare services are the cornerstones to the Government's public healthcare policy. The resources injected into the public healthcare system by the Government will only increase, rather than decrease. While efforts will be made to develop private healthcare services, we will spare no efforts in maintaining and improving the capacity and

quality of public healthcare services. The appropriation earmarked for the Hospital Authority (HA) in each of the past five years has increased from \$30 billion to \$41.8 billion, representing an increase rate of nearly 40%. Resources have also been allocated to expand public healthcare infrastructures. In addition to the four infrastructural projects underway, the HA will kick start six other infrastructural projects in the coming three financial years, including the redevelopment of Kwong Wah Hospital and Queen Mary Hospital, both of which involve a total investment of \$36.9 billion.

Quite a number of Members have expressed concerns over the shortage of healthcare staff in the public sector. The HA provides healthcare services through its cross-disciplinary team of doctors, nurses, allied health professionals and supporting staff. The HA constantly assesses its manpower needs in relation to its service demands and operational needs and deploys with flexibility its staff to these ends. In order to meet its manpower needs, the HA has reserved \$917 million for 2012-2013 to recruit and retain staff under different structures. The HA plans to recruit about 290 doctors in 2012-2013, representing an estimated net increase of nearly 30 doctors for the year. In the past five years, there has been an actual increase of 456 HA doctors, and in the coming year, the HA plans to recruit about 200 nurses and 500 allied health professionals, which respectively represent a net increase of 800 nurses and 300 allied health professionals. Some Members are concerned that the wastage of HA doctors will have negative effects on the years of service of the remaining staff and the service standard. At present, HA doctors have an average of 10 years of service. Among them, doctors at the grade of consultant, associate consultant, senior specialist account for over 40% of HA doctors, and doctors at the consultant grade have 17 years of service on average, indicating that experienced doctors now working at the HA are sufficient to provide quality healthcare services for the public.

In respect of drugs, I thank Members for supporting the Financial Secretary's proposal to inject \$10 billion into the Samaritan Fund, which will ensure the continual operation of the Fund in the coming 10 years. Consideration will also be given to further relaxing the criteria for people applying for drug subsidies. For instance, allowances will be provided when calculating the total value of disposable assets in the means tests, and the tiers of patients' contribution ratio for drug expenses will be adjusted so that more patients will benefit from the subsidy.

In respect of obstetric services, it has been the long-standing policy of the Government that local residents will be given proper and priority obstetric services. We are now reviewing the obstetric service arrangement in the coming year. In view of the continual increase in the number of newborns by local women in recent years, the HA may need to reserve all bed-places for local pregnant women in 2013. Delivery quotas in private hospitals for non-local pregnant women may also need to be further reduced. As the Financial Secretary has just said, the Government is taking an array of administrative measures to combat the dangerous acts of non-local pregnant women seeking emergency deliveries at Accident and Emergency (A&E) departments. In a bid to further stepping up the deterrent effect, the HA is reviewing the charge on non-local pregnant women who seek emergency deliveries without prior booking at A&E departments. We will also deploy additional resources to meet the increasing demand for services of the maternal and child health centres.

The issue of mental health services has also been raised by Members. The Government's policy is to facilitate the synergy and co-operation of the medical and social service sectors jointly by multi-disciplinary and cross-sectoral teams. The appropriation for mental health services earmarked by the Government has been on the increase. In the past five years, the appropriation has increased from \$3.39 billion in 2007-2008 to \$4.52 billion in 2011-2012, representing a 30% increase.

Community-based care and day-care services have gradually become a prevailing international trend in treating mental illness. This approach, which allows discharged mental patients at a stable condition to receive treatments in the community, can facilitate their rehabilitation and integration into society. The measures launched by the authorities in recent years, including the case management programme and the integrated mental health programme, are geared towards this direction.

Quite a number of Members have expressed their views and concerns over the healthcare reform. We are now taking forward a number of measures according to the outcome of the Second Stage Public Consultation on Healthcare Reform. Such measures include reviewing healthcare manpower planning, developing the detailed proposals for the Health Protection Scheme and facilitating the development of healthcare services.

Regarding the strategic review on healthcare manpower, we have established a Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development (Steering Committee) to conduct a strategic review of future healthcare manpower planning and professional development in Hong Kong. We anticipate that the Steering Committee will complete the review by mid-2013 and put forward recommendations on how to cope with the anticipated demand for healthcare manpower, strengthen professional training and facilitate professional development, with a view to ensuring a healthy and sustainable development of Hong Kong's healthcare system.

In respect of the Health Protection Scheme, we are now examining the detailed proposals and expect to put up concrete recommendations around mid-2013. Moreover, in order to further enhance service quality and transparency of private hospitals and strengthen consumer rights, we are now reviewing the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance. It is hoped that the public can be given higher quality healthcare services and better protection by strengthening regulation on private hospitals.

President, the Chief Executive has pledged to increase the share of recurrent government expenditure on health from 15% to 17% within the current-term Government. In the past five years, there has been a cumulative increase of \$13 billion or more than 40% in recurrent government expenditure on health, which is in line with the Chief Executive's pledge. The increased resources are instrumental to the quality and quantity of healthcare services and are also fundamental to take forward the healthcare reform.

Healthcare services are an important element in people's livelihood. Despite the fact that we have many obstacles and challenges ahead as well as room for improvement, the quality of public healthcare services in Hong Kong is recognized as one of the best in the world. With our concerted efforts and on the basis of this good intention, we can provide people with better services and build a healthier Hong Kong.

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I am grateful to the large number of Honourable Members who have given much valuable advice and many suggestions on the three policy areas of labour affairs, manpower development and welfare services in the speeches they made in the Budget debate.

Let me first respond to the salient points in relation to the areas of labour and manpower.

First of all, the implementation of statutory minimum wage (SMW) represents a significant breakthrough of the current-term Government in protecting the rights of our grass-roots workforce. Since its implementation on 1 May last year, the mandatory wage floor has been functioning smoothly to bring about substantial improvement to the employment earnings of low-wage workers. The latest figures (from November 2011 to January 2012) showed that the average employment earnings of the lowest decile full-time employees registered a year-on-year hike of 11.8%, which was much higher than the overall average increase of 6.2%. It is clear that SMW has indeed benefited the grass-roots workforce. The post-implementation wage distribution data was published last week. The Minimum Wage Commission will conduct comprehensive and objective studies and analyses based on the wage distribution data and results of other surveys, and will fully take into account the views of various stakeholders so as to review the SMW rate.

Expressing concern about the operation of the Work Incentive Transport Subsidy (WITS) Scheme, many Honourable Members have requested the Government to adopt a dual-track approach for the means test, that is, allowing applicants to choose to be means-tested either on an individual or on a household basis. The Administration adopts a household-based means test because the overall economic situation of the household can be considered in a comprehensive manner, so that public resources can be allocated to households with greater needs. A household-based means test is also consistent with other standing Government cash assistance schemes.

Taking into account the latest data, we have taken the initiative to substantially relax the household income and asset limits of the WITS Scheme with effect from this month to keep pace with the recent changes in Hong Kong's economic situation and income levels, as well as the impact of the mandatory

wage floor, so that a greater number of grass-roots workers can benefit from the Scheme. To date, over 30 000 applications have been received. We will carry out a mid-term review of the Scheme one year after its implementation (that is, in October this year), and conduct a comprehensive review after three years of operation.

All along, the HKSAR Government has been committed to promoting employment. The Administration has proactively adopted a multi-pronged approach to facilitate employment of job seekers. There was a notable improvement in the local employment market in 2011. Employment surged to a record high while the unemployment rate remained at a low level throughout the year. In 2011, the annual unemployment rate was 3.4%, almost reaching full employment, so to speak.

As the uncertainty of the external environment may have adverse impact on the local economy and employment market, we are particularly concerned about the employment opportunities of the vulnerable groups. The Labour Department will continue to administer various specialized programmes to cater for job seekers in need of employment support. Financial incentives are offered to employers for providing the young people, the middle-aged and persons with disabilities with on-the-job training and employment opportunities.

In addition, the Employees Retraining Board (ERB) serves a wide target clientele including the young people and the middle-aged seeking to change jobs by providing as many as 900 training courses covering 28 industries. Moreover, dedicated courses are provided for social groups with special needs, such as non-engaged youths, persons with disabilities, persons recovered from work injuries and occupational diseases, and so on. The ERB will offer 130 000 training places in 2012-2013, and allocate additional resources for the provision of placement-tied courses for the unemployed and people seeking employment. Adequate resources have also been earmarked for providing an additional 30 000 training places to meet contingencies.

Some Honourable Members requested the Government to legislate for the provision of paternity leave. As a matter of fact, the Government has all along been committed to building up a family-friendly working environment. We are now conducting an in-depth study on whether paternity leave should be provided. As the implementation of statutory paternity leave may affect the operation of

enterprises and increase business cost of employers, such decision has to strike a balance between the interest of employees and the affordability of employers. Besides, as the design of paternity leave involves the notion of family or, to a certain extent, moral issues, we need to consider the matter in a particularly prudent and thorough manner. Preliminary findings will be available in one or two months' time, and we will consult the Labour Advisory Board and the Legislative Council Panel on Manpower in due course.

Some Honourable Members urged the Government to legislate for standard working hours. As the legislation on standard working hours will have far-reaching effects on the society and economy of Hong Kong, we must proceed with extreme caution. The ongoing policy study conducted by the Labour Department on this matter is expected to be completed in mid-2012. The findings of the study will provide a solid and objective basis for in-depth discussion by society in the future. We will brief the Labour Advisory Board and the Legislative Council Panel on Manpower fully in due course.

In respect of social welfare, the Government has been increasing the funding for social and welfare services for the past five years to cope with the demand and provide new services. The recurrent expenditure on this policy grouping has increased from \$34 billion in 2007-2008 to \$44 billion in the Budget for 2012-2013, representing an increase of 30%. It is evident that the Administration's commitment in social welfare has been increasing but not decreasing.

The Government's policy objective in elderly care services is to encourage "ageing in place" which is also the wish of most elders. To this end, we will implement a series of innovative and forward-looking measures, so that the elderly can enjoy a peaceful life at home and in the community.

One of the highlights is the planning for a pilot scheme on community care services voucher for the elderly, which breaks away from the current funding and operation modes of subvented services. Under this four-year scheme to be implemented in two phases starting from next year, subsidy will be provided directly to eligible elders to enable them to choose the services they need. Participants in the first phase can obtain services valued at \$5,000 per month, and depending on their financial situation, the Government will also provide subsidies ranging from \$2,500 to \$4,500.

In addition, we will allocate \$900 million under the Lotteries Fund to improve as many as 250 district elderly community centres, neighbourhood elderly centres and social centres for the elderly across the territory, such as the installation of computers, and replacement of recreational as well as sports equipments, so as to encourage the elderly to get engaged in the community.

We are also highly concerned about the special caring needs of demented elders. Under the Budget, an additional \$137 million of recurrent funding will be provided to substantially increase the Government's provision for providing the Dementia Supplement to subvented residential care homes for the elderly (RCHEs) and day care centres for the elderly, so that these service units may engage additional staff or purchase related professional service to provide proper care services for demented elders.

I must stress that while we strive to improve community care services, the great demand for residential care services will definitely not be forgotten. From 2011-2012 to 2014-2015, over 2 600 new subsidized residential care places will commence service. In addition, we will continue to refine the Enhanced Bought Place Scheme in order to upgrade the quality of residential care places, and the Government has already earmarked nine sites in future development projects for the construction of new RCHEs.

Notwithstanding the Government's continuous resource allocation to increase the supply of residential care places for the elderly, the problem of long waiting time has persisted. We are very concerned about the situation, and efforts have been made to identify solutions to the problem. After careful analysis, we observe that other than the actual shortage of nursing home (NH) places, the problem of long waiting time is also attributed to other reasons.

First of all, in order to care for the needs of the elderly and respect their wishes, we have all along allowed applicants to choose the location, religious background, diet and subvention type (for example, subsidized or bought places) of RCHEs, or even specify the particular RCHE they want to be admitted to. According to the statistics last year, as many as 94.4% of applicants for NH places and 99.6% of applicants for care and attention (C&A) places have specified their district preferences. This has inevitably prolonged their waiting time for allocation. In fact, as we have said many times before, the waiting time of elders who have no particular preference can be reduced substantially.

On the other hand, many elders in the waiting list for residential care places do not intend to get admitted immediately; they merely want to keep their options open. Last year, a total of 1 472 allocation offers for NH places and 8 822 allocation offers of C&A places were made by the Social Welfare Department (SWD). While matching exactly the preferences of applicants, over 20% and 30% of such offers were still rejected respectively. Under the circumstances, many care places would have to be re-allocated, which in turn leads to an even longer waiting time for allocation.

It is worth noting that over half of the elders also receive various kinds of Government subsidies or services, including those on Comprehensive Social Security Assistance (CSSA) who stay in non-subsidized care places of private RCHes, those who receive subsidized community care services, and so on, while they are waiting for allocation of subsidized residential care places.

In caring for persons with disabilities, the rehabilitation policy of Hong Kong aims to promote the development of the capabilities of persons with disabilities and their full integration into the community. The overall recurrent expenditure for rehabilitation services has already increased from \$2.8 billion in 2007-2008 to \$3.8 billion in 2011-2012, representing an increase of 36%. In 2012-2013, the relevant recurrent expenditure will further increase to \$4 billion.

There are 11 725 subvented residential care places for persons with disabilities in 2011-2012. It is expected that a total of 627 additional residential care places will come on stream in 2012-2013.

We will actively identify suitable sites for developing or converting into residential care homes for persons with disabilities (RCHDs), in order to maintain a steady increase in the provision of subsidized residential places and reduce the waiting time. Over the past five years, resources have been allocated to provide 1 409 additional subsidized places in RCHDs, representing an increase of over 13%. In the next four years, sites and premises for the development of RCHDs will be reserved to provide about 746 new places for residential care services. We will also continue with our best effort to identify suitable sites to provide even more residential care places.

Moreover, in tandem with the implementation of the statutory licensing scheme for RCHDs, the SWD has launched the Pilot Bought Place Scheme for Private Residential Care Homes for Persons with Disabilities which aims to

encourage private RCHDs to upgrade their service standards, and increase the supply of subsidized residential care places so as to shorten the service waiting time. We will continue to develop community support services in order to provide suitable support for persons with disabilities awaiting allocation of residential care places, as well as their family members.

On the other hand, we have obtained the approval of the Finance Committee of the Legislative Council to inject \$100 million into the Enhancing Employment of People with Disabilities through Small Enterprise Project, in order to create more job opportunities for persons with disabilities. Starting from 2012-2013, we will allocate an annual recurrent provision of \$8 million to provide subsidies to employers of persons with disabilities for procuring assistive devices and carrying out workplace modification works, thereby promoting the open employment of persons with disabilities and enabling persons with disabilities to work more efficiently.

A number of Honourable Members expressed the wish for the Government to expeditiously launch the public transport concessions scheme for the elderly and eligible persons with disabilities, that is, the "\$2 transport concessions scheme" as commonly known. The Labour and Welfare Bureau, the Transport and Housing Bureau, as well as the Transport Department are working together to press ahead with full steam various preparatory work. The negotiation with the relevant public transport operators and the Octopus Cards Limited is in full swing. After finalizing the implementation arrangements and details for the scheme in the first half of this year, we will report to the Legislative Council and seek funding approval accordingly. We will work proactively so that the scheme can be launched as soon as possible in the second half of the year.

The provision of Old Age Allowance (OAA) under the Guangdong Scheme is another groundbreaking policy premised on the grounds of compassion and reason in response to the demand of the people. We must ensure that every detail of the scheme is reliable, user-friendly for the applicants, and effective from the perspective of utilization of public money. We are now actively working out the details including the appointment of the agent in Guangdong Province and other logistics support, and so on, as well as the resources requirements. Considering the time required to implement various detailed arrangements, we expect that the Guangdong Scheme would be ready for implementation around mid-2013.

President, a number of Honourable Members suggested that a universal retirement protection scheme should be implemented. As we all know very well, the retirement protection system in Hong Kong draws reference to the World Bank's multi-pillar model. It consists of three pillars, namely the non-contributory social security system (comprising CSSA, OAA and Disability Allowance), the Mandatory Provident Fund (MPF) system, and voluntary private savings.

As for the so-called "universal retirement protection", it does not have a clear definition. As the Chief Executive said in his 2011-2012 Policy Address, Hong Kong has implemented the SMW, and is studying the voluntary Health Protection Scheme and ways to enhance the MPF schemes. Currently low-income workers enjoy a certain degree of retirement and basic livelihood protection. It is not easy for the community to reach a consensus on the introduction of fundamental changes to the existing system. It is more constructive, more pragmatic and easier to achieve results by enhancing, consolidating and strengthening the existing retirement protection system with a view to maximizing the complementary effect.

In this regard, the Central Policy Unit (CPU) is continuing with its work in refining its studies, which includes conducting a territory-wide household survey covering 10 000 households on retirement planning and the financial situation of the elderly. Initial results are expected to be available for detailed analysis at the end of this year at the earliest. The CPU will also continue to collect public opinion through various channels. We will definitely consider the way forward after the CPU has completed the above studies.

With these remarks, President, I implore Honourable Members to support the Budget.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, in the light of the uncertain external economic environment, the Budget has proposed a number of initiatives to help enterprises, particularly small and medium enterprises (SMEs), to weather through their difficulties.

First of all, the Budget has proposed some special concessionary measures under the existing SME Financing Guarantee Scheme operated by The Hong Kong Mortgage Corporation Limited to help enterprises address their financing difficulties in case of credit crunch. Under these measures, a higher loan guarantee ratio of 80% will be introduced and a low guarantee fee will be charged. The application period of the enhanced Scheme will last for nine months. The Government will provide a total guarantee commitment of \$100 billion. We believe that these measures will provide timely and appropriate support to enterprises in need. The industries also support this proposal. When we consulted the Legislative Council Panel on Commerce and Industry on 20 March, we received the support of its members and have planned to consult the Finance Committee (FC) on this proposal in April. We hope that these concessionary measures can be implemented in May this year.

Moreover, as our trade in goods has been adversely affected by the weak external economy, we have proposed halving the charges for import and export declarations to ease the financial pressure of the industries. This proposal gained the support of the Legislative Council Panel on Commerce and Industry on 21 February. We are now proceeding with the remaining legal procedures, with an aim to tabling the amendment bill to the Legislative Council for scrutiny and enactment in this Legislative Session. We hope that this charge reduction proposal can be implemented as soon as possible.

On the other hand, the Hong Kong Export Credit Insurance Corporation (ECIC) introduced concessionary terms in SMEs' insurance policy on 6 February this year to offer premium discounts. Meanwhile, the ECIC has extended the sales-by policy launched in March last year to contracts between Hong Kong exporters' overseas or Mainland subsidiaries of which the Hong Kong policyholders have control, and their buyers.

These measures, which were introduced last month, have been well-received by the industries. So far, the ECIC has approved the said insurance policies for more than 200 eligible SMEs.

The National 12th Five-Year Plan places emphasis on expanding domestic demand, as well as upgrading and restructuring of industries. To assist Hong Kong enterprises in capturing the opportunities arising from the National 12th Five-Year Plan, we have proposed the setting up of a dedicated fund of \$1 billion

to help Hong Kong enterprises tap the Mainland market by developing their brands, restructuring and upgrading their operations, and expanding domestic sales in the Mainland.

The proposed dedicated fund will be divided into two parts, providing financial support to individual enterprises and non-profit-distributing organizations respectively. It is expected to have an application period of five years. Previously, we have consulted the industries on this proposal and drawn up its implementation details. We plan to seek funding approval from the FC in May 2012 and launch this fund in mid-2012.

The Small Entrepreneur Research Assistance Programme under the Innovation and Technology Fund is implemented to provide research and development (R&D) funding to SMEs.

In April this year, we proposed to introduce a series of enhancements to the Programme, including:

- (a) raising the funding ceiling for each project from the current level of \$4 million to \$6 million;
- (b) extending the Programme to cover enterprises with venture capital investment; and
- (c) expanding the funding scope to facilitate commercialization, including industrial design, testing and certification of prototype and clinical trial, and so on.

As for the Research and Development Cash Rebate Scheme, which aims at inculcating a research culture among enterprises, we have proposed a threefold increase in the level of cash rebate from 10% to 30% to encourage enterprises, including SMEs, to increase their R&D investment.

Apart from the above measures which give additional or enhanced support to enterprises, we will continue to implement various ongoing measures. The Innovation and Technology Fund and the five R&D Centres will continue to assist enterprises in R&D and commercialize R&D deliverables of universities and R&D Centres.

The Trade and Industry Department (TID) will also continue to implement various schemes, including:

- (a) the SME Loan Guarantee Scheme (SGS), which aims to help enterprises secure loans from participating lending institutions;
- (b) the SME Development Fund (SDF), which aims at providing financial support to non-profit-distributing organizations to enhance the competitiveness of Hong Kong's SMEs in general or SMEs in specific sectors; and
- (c) the SME Export Marketing Fund (EMF), which aims at helping enterprises tap the Mainland and overseas markets by providing financial support so that they can participate in trade fairs and place advertisement on eligible trade websites.

In view of the overwhelming response of SMEs to the SGS, the SDF and the EMF, we proposed increasing the loan guarantee commitment of the SGS substantially from \$20 billion to \$30 billion, and this funding proposal was approved by the FC of the Legislative Council in July 2011. Furthermore, the total commitment for the SDF and the EMF has been increased by \$1 billion from \$2.75 billion to \$3.75 billion.

Some Members have talked about the support that the Government provides to Hong Kong enterprises which operate in the Mainland.

Hong Kong businessmen have invested in a large number of manufacturing operations in the Mainland, particularly the Guangdong Province. Many of them are in the processing trade. The National 12th Five-Year Plan places emphasis on expanding domestic demand, as well as upgrading and restructuring. Vice-Premier LI Keqiang also stressed last August during his visit to Hong Kong that the Central Government supported the stable growth, upgrading and restructuring of Hong Kong enterprises engaging in processing trade in the Mainland. Therefore, the Central Government will maintain a stable policy on processing trade, establish a sound mechanism to facilitate the domestic sales of processing trade, and encourage Hong Kong enterprises engaging in processing trade to upgrade and restructure.

The Special Administrative Region (SAR) Government has all along been maintaining a close dialogue with the trade through various channels, including the Task Force to Support the Processing Trade, so as to understand their concerns and views relating to upgrading and re-structuring, and promoting domestic sales. We also maintain close liaison with Mainland authorities at various levels to reflect the concerns and views of Hong Kong enterprises about their operations in the Mainland, and to discuss with them possible support measures for the trade. Meanwhile, the TID and various organizations, such as the Hong Kong Trade Development Council and the Hong Kong Productivity Council, provide Hong Kong enterprises with Mainland market information and support services on technological upgrading, management improvement, branding and market development, and so on. They also organize relevant promotional activities for Hong Kong enterprises.

All of the above efforts will be continued. Besides, the Economic and Trade Offices of the SAR Government in the Mainland will collaborate with other support organizations, such as trade associations, in this year to organize "Hong Kong Week" activities in cities under their coverage. These activities aim at promoting Hong Kong brands and supporting Hong Kong enterprises to tap the Mainland domestic market.

Some Members have mentioned the development of the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA).

The Mainland and Hong Kong signed Supplement VIII to CEPA on 13 December 2011, achieving the goal of signing the eighth supplement to CEPA in the year as announced by Vice-Premier of the State Council, LI Keqiang, when he visited Hong Kong last August. This Supplement will further strengthen the economic and trade co-operation and exchanges between the two places.

This new Supplement provides for a total of 32 services liberalization and trade and investment facilitation measures, which include 23 liberalization measures in 16 service sectors, and strengthen co-operation in areas of finance, tourism, innovation and technology, and so on. Generally speaking, the new liberalization measures can help Hong Kong service suppliers, including SMEs, enhance their competitiveness in the Mainland market, and facilitate the economic development of the Mainland and Hong Kong in the long run.

We will take account of the needs of the trade to continue to liberalize trade in services and extend fields of co-operation through CEPA, with a view to promoting integration and sustainable development of the two economies.

With regard to the implementation of CEPA, we will continue to liaise closely with the Mainland authorities at the central, provincial and municipal levels to help address issues encountered by businesses in making use of CEPA measures in the Mainland. We will also organize talks/seminars to further familiarize the industries with CEPA and its complementary policies.

President, the wide range of measures mentioned above will effectively enhance the general competitiveness of Hong Kong and allow our economy to continue to develop healthily. I so submit. Thank you, President.

PRESIDENT (in Cantonese): I now invite the Financial Secretary to reply.

FINANCIAL SECRETARY (in Cantonese): President, since the announcement of the Budget, the public have expressed a lot of views and Members have put forth over 3 500 written questions. Last week, the legislature held a debate lasting over 12 hours. I would like to thank Members for their concerns about the Budget this year.

Just now, a number of Secretaries for Departments and Directors of Bureaux have given detailed replies relating to their policy areas, so I will now give my conclusion. First, I will brief Members about the latest economic condition, and then I will respond, from a macroscopic perspective, to the comments raised in society on the Budget.

Entering 2012, the global economy is still subject to rapid fluctuations. Figures of recent months indicate that the economy of the United States has gained some impetus, yet the fundamental of the economy remains rather fragile, lacking the well-developed condition for a full-fledged recovery driven by innate power. As such, it is expected that the economy of the United States will only maintain slow growth this year.

As for Europe, the European sovereign debt crisis in the euro zone has begun to stabilize, yet the confidence in consumption and investment remains weak. Many European countries have to step up their fiscal austerity measures and reform their economic structure. Perhaps these measures will tackle the root of the problem in a relatively thorough manner and restore the confidence of the market, but they will inevitably lead to economic contraction in the near term. Hence, at present, the market in general expects that economies in the euro zone will slip into recession this year, and it is only a matter of the extent of the recession.

Many countries in Asia, including the Mainland, have been adversely affected by the sluggish demand in Europe and the United States and the European debt crisis, where their import and export activities, as well as industrial activities, have slowed down remarkably in the past couple of months. Early this month, the Central Government set the nation's economic growth target at 7.5%, which is the first time since 2005 that the target growth rate is set below 8%.

As for other economies in the region, certain countries have started relaxing macroscopic policies in recent months to stimulate domestic demand, but it is believed that the growth rate of most of the economies will slow down further.

Hong Kong is a small and open economy, so it can hardly remain intact during the downturn of the global economy. Despite the slight increase in the total exports of goods in the fourth quarter last year, it slid further early this year, recording a year-on-year reduction of about 4% to 5% in real terms for the first two months in total, more significant than the 2.2% drop in the third quarter last year. Given the undesirable external environment, there will hardly be improvement in external trade.

Fortunately, our domestic consumption has remained buoyant. The retail sales for January this year recorded a significant year-on-year increase of 9%. It is believed that the domestic economy will maintain considerable growth in the near term.

Over the past year or so, the labour market had remained in a state of full employment in general, where the income of the public at large has been improved. According to the latest figures, the average monthly income of

full-time employees in the lowest tenth of income distribution has increased by 12% during the period between last November and January this year, and after adjustment for inflation, there was still an increase of 6% in real terms. However, the latest unemployment rate takes a turn for the worse, going up to 3.4%. We expect that there will be pressure of rising unemployment rate in the next few months, depending on the rapidity of the deterioration of the external environment.

On the whole, domestic consumption remains very buoyant to date, yet hindered by the performance of external trade, the economy of Hong Kong will inevitably slow down further in the first quarter this year, where negative year-on-year growth may be possible. We should not overlook this risk. Regarding the economy of Hong Kong, the year 2012 will be a relatively difficult and unstable year.

In consideration of the present economic condition, and for the purpose of stabilizing the economy, safeguarding people's livelihood and investing for the future, I have introduced measures worth nearly \$80 billion, which will help stimulate the economy 1.5 percentage points this year. I think that the economy of Hong Kong will grow by 1% to 3% in real terms, provided that there is no significant downturn in the external environment.

At present, the external economy is unstable and fraught with quite a number of unfavourable factors and uncertainties. We will remain vigilant as we did in the past, keeping close watch on the development of various issues and responding appropriately to changes of the situation.

Rising inflation has been a common phenomenon around the world in 2011. However, with global food and commodity prices began to decline from early last year, and the inflation of the Mainland retreating from peaks, inflation in Hong Kong had eased off slowly later last year. In January and February this year, the basic consumer price inflation of Hong Kong was 6.1%, which was lower than the average 6.4% of the fourth quarter last year.

As the external pressure on prices has been alleviated, and coupled with the fact that the economy has entered the downward trend in the economic cycle, the pressure on rising cost has been eased in Hong Kong. Rent for residential flats began to stabilize in the second half of last year, and the increase in the Rental

Index under the Consumer Price Index retreated from its peak early this year and began to decline. I estimate that inflation will decline this year, where the rate of decline will be quite visible in the second half of the year. I forecast that the average inflation rate for the year 2012 will be 4%.

I am concerned about the impact of inflation on low-income families. The many relief measures and tax concessions I put forth in the Budget will on the one hand alleviate the burden of the public, and stabilize the economy on the other. The headline inflation rate for 2012 is estimated at 3.5% after taking account of the effects of the one-off measures the Government is about to propose, which is far lower than the 5.3% of last year.

Promoting economic growth is the theme this year, yet we will not be complacent about the risk of asset-price bubbles. Since advanced economies will maintain extremely loose monetary policies for some time in future, where there will be no fundamental changes to the low-interest environment, the risk of property-price bubbles should never be overlooked.

The property market had cooled down obviously in the second half of last year. In January 2012, the number and amount of mortgages approved had dropped nearly by 70% on average in comparison with the first half of 2011. The property prices in January 2012 had also dropped by 5.3% in comparison with June last year.

However, in the past month or so, the atmosphere of the property market has improved as the performance of the financial market become buoyant. The purchasing power accumulated in the past few months has been released, thus driving up the volume of transactions. In February, the overall property prices had increased by about 2%. It is reported that owners of second-hand flats have adopted a rather aggressive attitude in bargaining recently, where the transaction price of flats per square foot had hit an all-time record high. I worry that under the persistently low-interest environment, the property market will be filled with soaring emotions again. Once the market takes a turn for the worse, it will affect individuals, families and the economy as a whole.

I have to reiterate that the Government is resolute to ensure the healthy and stable development of the property market, as well as to maintain the stability of the overall economy and the financial system. We will continue adopting

measures which have been proven to be effective, increasing flat supply, curbing property speculation, preventing expansion in mortgage lending and ensuring transparency in the property market. We will formulate appropriate measures corresponding to the situation at the time and adjust the intensity of measures properly.

We will maintain a continuous supply of land to meet the demand for residential sites. In the coming year, the Government will continue to initiate the sale of certain sites, taking account of the acceptability of the market. Some time ago, the Secretary for Development announced the sites to be sold by tender in the first quarter, and the West Rail Property Development Limited will arrange the re-tendering of the Tsuen Wan West Station TW5 (Bayside) shortly. With the implementation of the quarterly land sales, as well as the development projects of West Rail, MTRCL, the Urban Renewal Authority and the private sector, I estimate that the target of providing 20 000 private resident units can be achieved in the coming year.

In the Budget, I have highlighted the necessity to make optimal use of the development potential of railway-property projects. Regarding the development proposals above the West Rail Kam Sheung Road Station and Pat Heung Depot and the adjacent area, the Planning Department is arranging consultation with the Yuen Long District Council. It is expected that about 8 700 residential flats will be provided at the site, which will be put on the market in 2014 at the earliest.

Moreover, the Government and the MTR Corporation Limited (MTRCL) have proactively explored the site at Siu Ho Wan in Lantau Island, where a depot of 30 hectares is now located. We primarily consider the location a potential site for residential development. The departments concerned and the MTRCL will further examine the most suitable approach for planning and the technical problems to be addressed.

We will continue promoting the public engagement activities under the Enhancing Land Supply Strategy with a view to fostering a consensus in society on this subject of great importance as soon as possible.

To further protect buyers of first-hand residential flats, we submitted the Residential Properties (First-hand Sales) Bill to the Legislative Council last week, proposing regulatory measures to enable buyers to have access to property and transaction information presented in a highly transparent manner, and to enable

the sector to operate in a level playing field. It is hoped that Members will complete the scrutiny of the Bill expeditiously, so that the Bill will be passed in the current Legislative Session.

In respect of curbing property speculation, since the implementation of the Special Stamp Duty in November 2011, short-term speculation activities have abated remarkably. The number of confirmor sales has dropped by more than 70% in comparison with the situation prior to the introduction of the measure. This is an effective measure, so the Government will continue implementing this measure and monitoring the development of the market closely.

Between 2009 and 2011, the Hong Kong Monetary Authority (HKMA) had introduced several rounds of anti-cycle monitoring measures by lowering the maximum loan-to-value ratio and reinforcing the risk management of banks on mortgage businesses. The HKMA will continue to keep close watch on the mortgage market and implement proper monitoring measures according to the latest development, so as to maintain a healthy and stable banking system.

We will closely monitor the market condition and pay utmost attention to the residential property market. When necessary, we will implement further measures decisively to prevent the property market from becoming overheated again. Once again, I would like to remind the public that home purchase is the most important investment in one's lifetime. Before making a decision to purchase any property, we must analyse the situation cautiously, act in accordance with ones' capacity and beware of various possible risks.

Apart from residential sites, we should also maintain a stable and adequate supply of business sites in support of the economic development of Hong Kong and enhance our competitive edge. In addition to the provision of sites for office space, we have to facilitate other economic activities, including those of the retail, catering, tourism and logistics sectors, and so on.

The policy objective of Energizing Kowloon East is to capitalize on the opportunities at the Kai Tak Development Area, so as to develop Kowloon East into a new business hub, providing a sustainable and steady supply of premier offices and business facilities for Hong Kong. We will continue to examine the sites now occupied by government facilities with a view to releasing these sites for other purposes of higher cost-effectiveness when it is appropriate.

In the Budget, I have elucidated the contributions of the four traditional pillar industries and the six industries where Hong Kong enjoys clear advantages to the economic development of Hong Kong. These industries which account for over 60% of the Gross Domestic Products (GDP) of Hong Kong and employ a workforce of over 2 million play an important role in promoting our economic development. I have proposed the introduction of various measures on nurturing talents and providing financial resources to further enhance the competitiveness of these industries.

Moreover, I have suggested the implementation of certain supportive measures to tide enterprises over the difficult times and thereby safeguarding employment. I am very glad that the industries in general support these measures. We will complete the relevant procedures expeditiously in order to implement the various proposals. Among which, the Hong Kong Mortgage Corporation Limited will launch the special concessionary measures under the existing SME Financing Guarantee Scheme in the first half of this year as soon as the Budget is passed, so as to provide a total guarantee commitment of \$100 billion. As for the reduction of the import and export declaration charges by half, the relevant legislative procedures are expected to be completed within this Legislative Session. These measures will help maintain the confidence of the public and enterprises.

In the financial market, the global economy is facing ever-increasing downside risks, so I will join hands with various monitoring institutes to continue monitoring closely the development of the global finance market, reviewing the contingency mechanism from time to time and implementing proper measures in response to the situation.

In preparing the Budget, we have given regard to the aspirations of all strata of society, particularly the group in need of help. I hope society will not only focus on the one-off measures proposed in the Budget. These measures have aroused widespread concern in society, yet they only take up a small share in the total expenditure. In fact, among the \$393.7 billion government expenditure for the coming year, recurrent expenditure accounts for 70%, which involves the provision of services closely related to the daily life of the public and the implementation of various policies to ease the hardship of the public, improve their standard of living and promote economic development.

The expenditures on education, health and social welfare account for nearly 60% of the recurrent expenditure of the Government. The recurrent expenditure in these three areas for the coming year will be around \$150 billion, almost 8% higher than last year. The additional resources will be used for providing new services and enhancing existing services to meet the needs of members of various strata of society.

We are greatly concerned about the quality of life of the grassroots, and we understand their expectation on the Government in alleviating their burden. In the past year, with the implementation of various recurrent and one-off measures, the livelihood of many grass-roots people has improved in real terms.

As pointed out by the Chief Secretary for Administration in his earlier speech, to provide further assistance to the underprivileged and grass-roots families in society, particularly those not covered by the social safety net at present, we established the Community Care Fund in 2011. To date, the Fund has launched 15 assistance programmes in various areas, such as education, health and welfare, which have benefited hundreds of thousands of people.

According to my understanding, the Fund is now examining ways to assist low-income earners living in undesirable accommodation by easing their financial burden arising from inflation and increasing rent. I support this programme and encourage the Fund to explore different approaches to ensure that measures implemented will practically help the people in need.

Government departments and other organizations commissioned to implement the programmes are now reviewing the programmes which have been implemented. They will consider the proposals of the Steering Committee of the Community Care Fund to incorporate suitable programmes into the scope of getting regular funding support by the Government. We will provide suitable funding to various items in the light of their implementation and social response.

In the medium term, we will assist the grassroots by enhancing their competitiveness through education and training, so that their strengths will be brought into full play in the high-value-added and knowledge-based economy. In the year 2012-2013, the expenditure in education will take up about 23% of the recurrent expenditure of the Government. We will endeavour to provide more opportunities for the younger generation to pursue quality and diversified education, and implement various related policies and increase the investment on

various aspects including pre-primary, primary and secondary education and post-secondary education. It is estimated that in the academic year 2014-2015, over one third of the relevant age cohort will have the opportunity to pursue degree-level education. If sub-degree places are also counted, over two thirds of the relevant cohort will have access to post-secondary tertiary education. We will provide training courses to the unemployed and job seekers via the Employees Retraining Board, so that they can return to the workplace and improve their life.

The training of talents is of utmost importance to our future development. I will take advantage of the relatively strong financial status to invest for the future by implementing measures to reinforce the development of post-secondary education, which include setting up scholarship and launching another round of matching grant scheme, so as to provide more learning opportunities and enhance the quality of education to cope with the future development needs of Hong Kong.

We will continue to increase the investment in hardware to cope with future economic development. Investment in infrastructure will exceed \$70 billion in each of next few years. We will carry on with the implementation of the 10 major infrastructure projects and transport projects while taking forward district projects of various scales, including community facilities like hospitals and recreational and cultural facilities.

The Government has decided to adopt the proposal of the Airport Authority (AA) of Hong Kong in using the third runway system as the future development plan for the Hong Kong International Airport. The authorities have requested the AA to commence the relevant planning work, which includes conducting environmental impact assessments stipulated by law, deciding design specifications and making financing arrangement. The Government will co-operate closely with the AA to ensure that the future work will be carried out with the greatest cost-effectiveness, with the objective of consolidating Hong Kong's status as the international and regional hub of aviation services and further enhancing the overall competitiveness of Hong Kong.

With the healthy fiscal reserve, we may plan infrastructure projects to support the future development of Hong Kong. The fiscal reserve not only enables us to continue providing quality services to the public during the downturn of the economic cycle, but also allows us to adopt anti-cyclical fiscal

measures to alleviate the burden of the public. Between the year 2008-2009 and 2010-2011, the fiscal reserve enabled us to implement measures amounting to some \$110 billion to promptly ease the hardship of the public and stimulate the economy, so as to address the predicament faced by society at the time.

I expect that the fiscal reserve will reach \$660-odd billion by the end of March 2012, which is equivalent to 22 months of government expenditure. By the end of March 2017, the reserve is expected to increase slightly to \$670-odd billion, which is only equivalent to 18 months government expenditure. In assessing the amount of fiscal reserve available for disposal, we must take into account the liabilities where provision has not been made and the expenditure commitments, including the capital projects costing about \$400 billion approved by the Legislative Council and planned to be submitted to the Legislative Council this year. At the same time, the fiscal reserve has given us the resources to cope with the financial pressure brought by changes in the social structure.

I must reiterate that the fiscal reserve has never been a factor affecting our investment in society. We always adhere to the principle of "spending when necessary" in adopting prudent management in finance. Between 2007-2008 and 2012-2013, government expenditure has increased by nearly 70%, which is significantly greater than the nominal GDP growth of 21% over the same period. Recurrent expenditure has also increased by 33% for the same period, which signifies the long-term commitments of the Government to society and the public.

President, at the time this Budget was drafted, the external environment was fraught with uncertainties. Today, a few months later, the global economy is still experiencing ups and downs, so we must stay alert at all times that our economy is facing the downturn risk. Three months later, the current-term SAR Government will be succeeded by a new government. We must be extremely cautious in preventing anyone from taking advantage of the transfer of Government to reap profits by attacking our financial system. We must be well prepared to deal with any sudden blows.

We should treasure the relatively good economic environment which does not come easily. In comparison with the economy in Europe and the United States, the overall economy in Hong Kong is stable, where there is nearly full employment, an increase in income of the public at large and the improvement of

the livelihood of low-income employees. The healthy public financial status will provide adequate fiscal reserve for the next Government, facilitating the delivery of governance and preparing for unexpected needs. Comparing with certain economies experiencing economic crisis as a result of their lax financial discipline, Hong Kong is surely in a more favourable condition, yet we should have sense of crisis even in times of peace.

The healthy public finance status of Hong Kong does not only provide support for the various government expenditures, but also provides favourable conditions for a stable socio-economy. The current-term Government has all along endeavoured in upholding the principle of prudent management in finance while pragmatically responding to the aspirations of various sectors of society.

In the past five financial years, the Government had launched various policies and measures to address the livelihood and welfare needs of the public. Despite the significant increase in expenditure, we managed to maintain our fiscal reserve at a healthy level. We have eased the tax burden of the middle class while maintaining the actual tax rate at a relatively low level in the international arena, so that nearly 90% of enterprises are not required to pay any profits tax.

We will maintain the simple and low tax policy and straightly adhere to finance discipline, so as to benefit individuals and enterprises as well as bringing economic vitality for society. We should hold fast to the principle to continue to consolidate the public finances to avoid burdening the public with excessive taxation and affecting the next generation.

In this last Budget of the current-term Government, we have proposed an array of measures to stabilize the economy and safeguard people's livelihood. Moreover, we will invest for the future at a time when the financial status of the Government is relatively sufficient, with a view to alleviating the possible social problems that may arise in future. I believe the public support this Budget not out of the concern of personal interest, but echoing the views expressed by all in pursue of social economic stability.

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

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Appropriation Bill 2012 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Appropriation Bill 2012.

Council went into Committee.

Committee Stage

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

APPROPRIATION BILL 2012

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

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

CLERK (in Cantonese): Heads 23 to 28, 30, 31, 33, 37, 39, 42, 44 to 49, 51, 53, 55, 59, 60, 62, 63, 70, 72, 74, 76, 78, 79, 80, 82, 90, 91, 92, 94, 95, 96, 100, 106, 112, 114, 116, 118, 120, 121, 136 to 141, 143, 144, 147, 148, 152, 155, 156, 158,

159, 162, 163, 166, 168, 169, 170, 173, 174, 180, 181, 184, 186, 188, 190 and 194.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Head 21.

CHAIRMAN (in Cantonese): Mr Albert CHAN, Mr Alan LEONG and Ms Cyd HO have respectively given notices to move amendments to reduce head 21 by different amounts of vote in respect of subhead 000.

The committee will hold separate debates on the three amendments in the above order, that is, a debate on Mr Albert CHAN's amendment will be held first. If Mr Albert CHAN's amendment is passed, it is not necessary for the committee to deal with the amendments of Mr Alan LEONG and Ms Cyd HO. Hence, these two Members may not move their amendments and the committee will not hold debates on the two amendments. Whether Mr Alan LEONG's amendment is passed or not will not affect the moving of Ms Cyd HO's amendment.

MR ALBERT CHAN (in Cantonese): Chairman, I move that head 21 be reduced by \$93,069,000 in respect of subhead 000.

Chairman, this motion concerns reducing the total estimated expenditure for the Chief Executive's Office for this fiscal year. I believe this is the first motion ever proposed by a Member to reduce the total estimated expenditure for the Chief Executive's Office. The proposal to delete the expenditure for the Chief Executive's Office or to provide no funding support to paralyse its operation, is tantamount to dismissing the Chief Executive, since the series of corrupt practices of the Chief Executive has brought disgrace to Hong Kong as well as to our civil servants. Given his dereliction of duty and corrupt practices, the monitoring of the integrity of government officials now exists in name only. Hence, this proposal to scrap the Chief Executive's Office carries the significant implication of eliminating a corruption hub.

Certainly, we are aware that the Chief Executive is the highest ranking government official under the constitution, and his position has great significance. This is a constitutional and legal mistake that can by no means be rectified. With only a few months left Chairman, we have just returned a Chief Executive who is famous for his cunningness. The incumbent Chief Executive is covetous, while the Chief Executive-elect is cunning. The people of Hong Kong are indeed miserable, they have no right to choose at all. Last time, the Chief Executive was returned by an election committee of 800 members, and this time, the Chief Executive is returned by an election committee of 1 200 members. The election committee of 800 members had picked a covetous official, whereas the election committee of 1 200 members has chosen a cunning wolf. The days ahead for Hong Kong people will be increasingly difficult.

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

Deputy Chairman, why do I want to scrap the Chief Executive's Office by deleting this expenditure item in the Budget? Hong Kong has been a graft-free city, an achievement that Hong Kong people have dedicated much efforts to build up over the last few decades. Unfortunately, this graft-free culture has been thoroughly undermined by Donald TSANG. In fact, either the Chief Executive's Office or the Chief Executive himself is not regulated by a number of key

provisions under the anti-graft and corruption laws. A lot of Hong Kong people keep saying that an investigation conducted by the Independent Commission Against Corruption (ICAC) can serve the purpose, for they have full confidence in the ICAC. However, the regulation applicable to civil servants under the anti-graft and corruption laws, in particular, the provisions on governing civil servants under section 3 of the Prevention of Bribery Ordinance (POBO) do not cover the Chief Executive. Section 3 of the POBO explicitly stipulates that "Any prescribed officer who, without the general or special permission of the Chief Executive, solicits or accepts any advantage shall be guilty of an offence." However, this provision applies to civil servants only, the Chief Executive is not subject to sections 3 and 4 of the POBO and other major regulations. The only provision covering the Chief Executive is that there must be evidence to substantiate the existence of a definite causal relationship between the benefits accepted by the Chief Executive and the policies formulated by him. Take the collusion between government and business and transfer of interests that I have frequently referred to as an example, a company can be exempted from payment of \$90 million in rates under the Chief Executive's rates concession proposal. A single concession will involve \$90 million, such an amount will be enough to pay off several luxurious trips, free air plane rides and a couple of leases, will it not? The implementation of this concession alone will enable eight companies to save a payment ranging from \$10 million to \$30 million. Over \$200 million will be involved under this single policy, and we have not yet taken into account all the amounts involved in relation to other policies and the policies that had been implemented over the years. The Chief Executive can blatantly transfer interests to his friends by means of public policies, but legally, no evidence can be found to substantiate this claim. Legally, we cannot find any evidence to substantiate that the Chief Executive's certain practices or public policies formulated by him are intended to benefit some of his good friends who have entertained him.

In the past, there were many precedents of civil servants being sanctioned or even sentenced to imprisonment due to violation of the provisions, and because of such convictions, they lost their jobs as well as millions of dollars of pensions. However, the Chief Executive is totally spared. Our Chief Executive is not bound by the law, thus he can continue to whistle, and he can pretend to be an innocent person with probity. What is even more absurd that he blamed Hong Kong people for their increasingly high expectations, and indicated that he had done nothing wrong. Over the years, he has all along been corrupted, asking for benefits and advantages. It has even been exposed that he has "borrowed" a

treadmill for seven to eight years. From this perspective, he has made the right remark. He has been corrupted since he has become the Chief Executive for all these years. The problem is that the legal regulatory framework is inadequate, and thus the Chief Executive can engage in corrupt practices recklessly.

We are aware that civil servants are subject to very stringent control. For instance, under no circumstances, not even on special occasions, can they accept any gift with a value over \$3,000 — including the fares of air tickets, boat trips and car rides — from acquaintances and friends. Any one of the entertainment received by the Chief Executive has exceeded that limit, am I right?

In fact, the Chief Executive's corruption has gone beyond a personal level, he has even breached the World Health Organization Framework Convention on Tobacco Control (FCTC). Secretary York CHOW, who has recently been awarded a prize, takes pride in his work for getting rid of all smokers in Hong Kong. Nonetheless, his boss had openly accepted the entertainment offered by the boss of a cigarette company. This is a blatant violation of the FCTC. This offence committed by the Chief Executive has brought further disgrace to Hong Kong and to our great Motherland, as it is one of the signatories to the FCTC. Here I need not repeat the land, sea and air entertainments received by the Chief Executive, as well as the extravagant treatment offered to him in Hong Kong, Guangdong and Macao. He has even had contacts with members of triad society and accepted gifts such as abalones, cordyceps, and so on, which he considered to be worth below \$400. His various practices and deeds are indeed shameful.

Deputy Chairman, as compared to other regions, it is hard for a democratic, progressive and open government to accept such practices of the Chief Executive. It is absolutely difficult for the 160 000 civil servants in Hong Kong to accept such practices, it is hard for people of Hong Kong to accept such practices as well. Perhaps we can make reference to how Taiwan handled the CHEN Shui-bian case, particularly the "state affairs fund" case. They had successfully brought their President to justice through holding discussions in the Legislative Yuan. Back then, the congress of Taiwan reduce the state affairs fund by half. Moreover, through the discussions in the Legislative Yuan and the handling of the budget, the public became aware of the President's corrupt practices and they showed greater concern.

Though some members of the public and Members pointed out that a review is now being conducted by a committee chaired by Mr Andrew LI, the former Chief Justice of the Court of Final Appeal, the review aims at formulating relevant policies for the future, the committee does not handle the cases involving the conduct of the incumbent Chief Executive. The Chief Executive is so cheeky. He claimed that a committee has been formed to handle the matter, yet the committee is irrelevant to his case for it will only draw up stringent requirements to regulate his successors. His despicable and shameless deeds should be reprimanded. If we continue to pay him salary, it implies that we still support and connive at his corrupt practices. For this reason, if my amendment is negated, I will still support the amendment to reduce the salary of the Chief Executive, as proposed by another Member.

This amendment also proposes to cut the expenditures of the Executive Council because in my view, the Executive Council as a whole has failed to discharge its duty. It has failed to regulate and monitor the conduct of the Chief Executive. Without the disclosure of the press, the corrupt practices of the Chief Executive would have not come to light. Many people thus have praised the fourth estate for monitoring the conduct of the Government. The headline stories on the corrupt practices of the Chief Executive reported by *Oriental Daily News* and *The Sun* for a few days in a row had shocked the world. Those news articles exposed to the world that the Chief Executive is a despicable and shameless person who accepts bribes and perverts the law. His covetous deeds cover the land, sea and air entertainments, and as far as the Mainland, Japan, Thailand and different parts of the world.

Given that the Executive Council has failed to discharge its duty to monitor the Chief Executive, why not re-appropriate the funding designated for the Executive Council to *Oriental Daily News* and *The Sun* for setting up an anti-corruption fund to award cash to informers who reveal corrupt practices. In this way, officials will not act recklessly.

Evidently, the corrupt practices of senior government officials of Hong Kong were unearthed by the press, their efforts and hard work should be recognized. If this expenditure item of some \$90 million can be successfully reduced, part of the amount should be appropriated to *Oriental Daily News* and *The Sun* for setting up an anti-corruption fund. This will give government officials the jitters when they come into contacts with triad figures or when they

receive treats such as luxurious trips, abalones and red wine. Given that informers will be rewarded, everyone, including waiters of restaurants and attendees, is eligible to get the cash reward. In that case, for sure more people will take the initiative to report corrupt practices.

Deputy Chairman, I do not expect that this amendment can be passed, as in the case of Mr Paul TSE who wanted to initiate the impeachment proceedings. He was pitiful as only five out of 60 Members were willing to jointly initiate the motion of impeachment. As for the democrats, though they have all along claimed that they do not accept any form of corruption, and they have made efforts to monitor the Government, it is a great pity that only three Members — it seems to be four Members eventually — from the democratic camp were willing to jointly initiate the motion. Monitoring the Government's administration, and in particular, its fiscal performance, is the sacred duty of Members. Of course, as I said just now, I do not have the wishful thinking that this amendment will be passed in this Council manipulated by functional constituencies, monopolized by the pro-government camp and dominated by the bogus democrats.

Nonetheless, we ought to leave a clear record in history. We should record the fact that a Member had, on behalf of the public, explicitly reprimanded the malpractices of this corrupt Chief Executive. In addition, we should clearly record that with the advent of the 15th anniversary of Hong Kong's reunification, a Member had once proposed an amendment to eliminate a corruption hub, that is, the Chief Executive's Office headed by Donald TSANG.

I have no intention to impeach the staff of the Chief Executive's Office, nor show any disrespect to them. All staff members of the Office, with the exception of the Director, are civil servants, and they only discharge their duties in their capacity as civil servants. Even if the Chief Executive's Office is eliminated, these civil servants can be posted to other departments, therefore they will not lose their jobs. I have to clearly reiterate that I only intend to cast out the covetous officials, I do not meant to show any disrespect to the staff of the Chief Executive's Office. Therefore, I wish that Members will cast their votes out of their responsibility to safeguard and reinforce (*The buzzer sounded*)

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

MR ALBERT CHAN (in Cantonese): Hong Kong's tradition as a graft-free city.

Mr Albert CHAN moved the following motion:

"RESOLVED that head 21 be reduced by \$93,069,000 in respect of subhead 000."

MR FREDERICK FUNG (in Cantonese): Deputy Chairman, I speak to express my disapproval of Mr Albert CHAN's amendment. I, of course, object to the Budget, so I will vote against it in the Third Reading later on. Despite my objection, I think we have to make some proper definitions regarding the various amendments to be put forth today. When I say "properly defined", I mean "one should be fully responsible for his deeds".

As Members are aware, in a number of debates held earlier, I had expressed my disapproval of some deeds of the Chief Executive Donald TSANG, as reported in the press, such as acceptance of hospitality, private jet rides and trips at exceptionally low prices. I also support the invocation of the Legislative Council (Powers and Privileges) Ordinance by the Legislation Council to investigate these practices of the Chief Executive and the relevant facts. I am totally against the Chief Executive's participation in various money-related activities with big businessmen or entrepreneurs, either in his official capacity or in private, and even if he may not receive any direct benefits from such activities.

However, since the Chief Executive is the culprit, we should only penalize him; and since the problem is related to the Chief Executive, we should, by means of cutting his salary or other means, punish him. There is a saying in Chinese, "one should be fully responsible for his deeds". To put it in a feudal way, "wives and children should not be implicated". Assuming that the Chief Executive has committed an offence in certain aspects, why should his subordinates, that is, all civil servants and staff working in the Chief Executive's Office, be penalized? Though staff of the Chief Executive's Office can be transferred to other posts, the remark that the entire Office is a corruption hub in effect implies that apart from the Chief Executive, all other people working in the Office are corrupt as well. The Chief Executive should be fully responsible for his corrupt practices. If the reduction in expenditure is extended to affect the

Executive Council, it implies that members of the Executive Council are corrupt as well. Nonetheless, so far, there are no disclosed or undisclosed facts and evidence indicating that these people have committed any corrupt practices. In that case, why should we cut their expenditure?

In fact, later on, I am going to support the amendment of Mr Alan LEONG to cut the Chief Executive's salary for three months, as well as the amendment of Ms Cyd HO to cut the accountable expenditure for social functions of the Chief Executive and his spouse for three months, for I believe one should be responsible for his deeds. In my view, the current amendment puts forth by Mr Albert CHAN is unfair, as it implies that people, who have not accepted any hospitality, expensive meal, private jet ride or vacation arrangement, are nominally guilty and have taken part in the offence.

Deputy Chairman, I still have one last point to make. A number of amendments concerning the reduction in expenditure will be moved later on. In case the performances of some politically appointed officials are unsatisfactory, I accept and agree with the proposal to deduct their salaries for the purpose of reducing the relevant expenditure. However, if civil officials or civil servants are involved, given that they are neither the decision makers nor policy makers, if they are dragged into this trouble and are penalized by salary deduction, even though they may be transferred to other posts within the civil service establishment, I find this inappropriate as well as unfair and unreasonable to the civil servants as they are implicated. Therefore, I object to any reduction in expenditure proposed in this amendment and the subsequent amendments that will impact the remuneration of civil servants; but I will give my consent if the proposed reduction in expenditure concerns only the politically appointed officials, including the Chief Executive himself and any persons related to him or appointed by him.

Thank you, Deputy Chairman.

MR WONG YUK-MAN (in Cantonese): Mr Frederick FUNG's speech is short, and he will later speak again on other amendments. However, I would like to respond to his remarks just now.

Mr Albert CHAN's amendment is not targeted at civil servants, and Mr Frederick FUNG cannot distort the whole fact. Certainly, in moving an amendment, one has to make a political gesture, putting forward a political statement. Why should he be so serious? Will the amendment be passed for sure? Will civil servants' emoluments be deducted for sure? Obviously, he knows that this is impossible. In addition, civil servants can be transferred to other posts. My amendment to be moved in a moment proposing the dissolution of the Central Policy Unit serves the same purpose. If he again opposes the dissolution of the Central Policy Unit, and claims that it is tantamount to dismissing civil servants working in that unit, he is again arbitrarily distorting the fact.

Since Mr Frederick FUNG engages in politics, he should know that the motion is a kind of political statement. Let me give an example for illustration. In Taiwan — Mr Albert CHAN has not expounded in detail just now — the proposed deduction of state affairs funds and expenses related to President CHEN Shui-bian by the Legislative Yuan is a political statement. However, after repeated debates in the Legislative Yuan by various political parties, some of the proposals were ultimately negated, while some expenses could be deducted. Similarly, if Mr Frederick FUNG's logic applies, the deduction of expenses is tantamount to dismissing civil servants. However, such logic is a bit far-fetched.

This is a kind of political gesture: as the Chief Executive has disgraced Hong Kong people and the civil servants, what has the Chief Executive's Office been doing? Therefore, we now propose the dissolution of the Chief Executive's Office. On one occasion, Mr Gabriel LEUNG said that he brought bad luck, he bemoaned his fate. Indeed, this has nothing to do with Mr Gabriel LEUNG, unless you are so superstitious as to believe that the Chief Executive is in trouble immediately upon the change of the Director of the Chief Executive's Office. No matter who is appointed the Director of the Chief Executive's Office, the Chief Executive will be in trouble as soon as his scandals are uncovered. Since he has all along been involved in such scandals, this has nothing to do with Mr Gabriel LEUNG.

The proposed deduction of the expenditure for the Chief Executive's Office is not only a form of punishment, but also a political gesture. Those who engage in politics are best at "playing house", chanting a few slogans at protests and call

it a day. What else can we say if they are not even bold enough to say "Down with the Communist Party"? We have proposed the dissolution of some government departments during the Budget debate. We have even proposed the deduction of expenditure in the amount of over \$90 million for the Chief Executive's Office. Let it be deducted then. This is a political statement, which conveys our stance and attitude. Since the Chief Executive's Office serves the Chief Executive, and the Chief Executive has such performance, you may say that the problem does not lie in the Chief Executive's Office, and there is nothing you can do if Donald TSANG insists on doing so. In that case, what is the point of establishing the Chief Executive's Office? This is very simple: all his social engagements and daily activities are arranged by the Chief Executive's Office. Concerning your boss, you must remind — "admonish" is not the word — you must remind him of many things. Just like once — Raymond TAM is currently not in the Chamber — when the wife of the then Financial Secretary Antony LEUNG purchased a car prior to the announcement of a tax increase, you as his secretary did not remind him. You were responsible for that. To put it harshly, we are now sorting you out, Raymond TAM. For many things, you must bear the blame for your boss, or even tender your resignation out of a sense of shame. If I were Prof Gabriel LEUNG, I would definitely resign. What is the point of working for such a boss in the remaining several months? Prof Gabriel LEUNG can take up his university teaching job again. Is it not a disgrace to work for such a boss? When he was the Under Secretary for Food and Health, Prof Gabriel LEUNG could assist York CHOW in tackling challenges, and showed an image of being strong and persistent. Working in the Chief Executive's Office is sort of a promotion, but it is a promotion without fortune made. And then, unfortunately, he said to me when we met: "I brought bad luck". Does it have anything to do with him? When he works under such a boss, he is already doomed even if he brings good luck, only that scandals are uncovered in a later stage. It is as simple as this.

The deduction of the expenditure for the Chief Executive's Office is a political statement, or a political gesture. Frankly speaking, this amendment can in no way be passed in this legislature. However, we have our views on the Budget. Concerning the amendment I will move in a moment, that is the dissolution of the Central Policy Unit, I also put forward this amendment last year, but it was likewise negated. The amendment can in no way be passed. I just want to remind Hong Kong people that our governance is clean and efficient. This is a tradition — we have a clean and efficient government, albeit

lacking in democratic elements. In addition, we have some political institutions that prevent corruption, including the Independent Commission Against Corruption, the Audit Commission and the Office of The Ombudsman. Thus, we can barely maintain the minimum standards of human rights and the rule of law in Hong Kong. However, up until now, all such has been damaged by the Chief Executive. What should the 160 000 civil servants do? You can see today that the heads of the three departments and 12 bureaux are sitting here, and I have empathy with them for their hard work.

This is a sunset government, and the Communist Party is about to take over. Therefore, people have their own plans; some want to stay, and are now busying themselves with this cause, adopting such exceedingly cheap approaches. Let me say again that the cheapest Legislative Council Member is Mrs Regina IP, who once said, as exposed by Selina CHOW, that LEUNG Chun-ying would entrap people. I seldom talk with Mrs IP, but during the Chief Executive Election, I have seen again what brazen careerists, chameleons and opportunists politicians like her are.

A civil servant who maintains political neutrality does not need to be opportunistic. Am I right? An accountability team does not know how to carry on with its work for the remaining term of only several months under such a boss. The new boss is about to take over, and sycophants therefore become active at present. Who knows how many backstage deals are being made? The Government is lame. In the coming several months, the Government will basically be a lame-duck government. Given such a lame-duck government, and coupled with such a Chief Executive, I must further tell Members today that this lame-duck government is not worthy of our support. We are not pounding a "drowning dog", for I have been targeting at the Chief Executive from the very day I became a Legislative Council Member. There is no change on our part. When the Chief Executive-elect comes to the Legislative Council, he will also have to face our bombardment. Will we be courteous toward him? On the coming Saturday and Sunday, I will hold street forums, which will be held continuously thereafter. All Hong Kong people will be mobilized for self-salvation and saying no to the Hong Kong communist regime.

For us as elected representatives in the Legislative Council, the biggest responsibility is to relay and convey public opinion. Facing such a corrupt and inept government, we must still condemn it even if it has a remaining term of

only several months. We aim at teaching the Chief Executive-elect a lesson. He should not be so haughty. Find someone to assassinate me. We have anticipated that LEUNG Chun-ying will deal with us through some despicable means, but we have never been scared. I often say that since I am already 60 years old this year, death means the termination of my entire life, being alive means I have lived the majority of my life, and there is every chance for me to have any kind of cancer at any time. We must be consistent.

What is the purpose of putting forward such an amendment today? It is to remind Hong Kong people again that we must safeguard our clean and efficient governance, and we must not allow such a corrupt or greedy Chief Executive to dampen the morale of the entire Civil Service and bring disgrace to Hong Kong people. Frankly speaking, in the legislature or on official occasions, such remarks will not be made; but, some civil servants told me in private that some of them were so disgraced that they were unable to raise their heads. Let me tell you that some of them have been so disciplined at their posts for years that they are extremely prudent in accepting friends' gifts or hospitality. What is the point of their doing so? However, the Chief Executive has got used to such practices; he paid his friend several hundred dollars after travelling on his yacht. Would his friend accept the several hundred dollars? How can the Chief Executive's Office give such an explanation? The Chief Executive said that he paid \$5,000, equivalent to the fare of two economy class air tickets, for travelling to Phuket. I would like to ask whether ZHANG Songqiao would accept his \$5,000. The Chief Executive has been telling lies continuously, and the Chief Executive's Office has contributed to such lies. Merely because of this, the Chief Executive's Office should be dissolved.

In this context, there are some people I cannot understand. It seems that we two are quite unpopular, because many Members leave their seats when we are speaking. If I request counting the number of Members present, all of them have to come back. I must tell you that I will do so later when we debate the "scapegoat mechanism". I ask you to be seated. I tell you all, I will put forward hundreds of amendments, and you must be present in the Chamber and cannot leave. I will frequently request counting the number of Members present, and I will "play with you" till the end.

What can we do? What else can we do? What we can only do is what we are entitled to do under the Rules of Procedure, and we will for sure try our

best to do what we are entitled to. I have 15 minutes speaking time, and I will use up all 15 minutes. I will continue speaking even if I have deviated from the subject.

Putting forward such an amendment is perfectly justified. How can civil servants in any event be affected? I do not know what Mr Frederick FUNG was talking about. Therefore, people like you can forever be Members, while we may not be re-elected in a few months. I will only say so when seeing people like you. You hate my feet immediately after you see my head; I will criticize you when I find your remarks not agreeable. People on this side are also resented by me. Working here I am likely to be short-lived. It is meaningless, is not it?

However, are Hong Kong people destined to be so treated? Are Hong Kong people bound to suffer? Each time I visit the districts to meet with the elderly and needy persons, I feel that I should not give up such a responsibility. Having lived up until now, we need to be grateful for the bounty offered us by society and pay the debt of gratitude. Do we have any other responsibility besides this? It is easy to obtain glory and wealth. Someone has already knocked my door and said: "Yuk-man, do you intend to run in the election in September? It is better for you to look after your grandson than running in the election. There is nothing you can do. You may as well do some small business." The situation is like that in 2004. I think that I can obtain glory and wealth simply by "offering great help through a little criticism" in the Legislative Council and currying favour with the wealthy. However, Deputy Chairman, a person — I often quote a Chinese saying, which is very vivid: "a chaste woman losing chastity in old age is no better than an old prostitute quitting prostitution". The best example can be found in the Legislative Council, where the Democratic Party is like "a chaste woman losing chastity in old age", and some pro-establishment Members seem to become "old prostitutes quitting prostitution", which we are happy to see. Some pro-establishment Members intend to turn to be the opposition camp. Let us see how the Government will canvass votes in the coming year, and whether all such Members will unanimously support it. Why "jump the boat"? Those who "jump the boat" will definitely be drowned.

A person must first honour his words, but this is difficult to do so. Politicians must have regard to four things: don't be greedy, don't be lecherous,

honour your pledges, and serve the people. These four conditions should not be taken lightly. Some Members can meet the first two requirements of not being greedy and lecherous, but they fail to honor their pledges and serve the people. They are not trustworthy, having broken their promises. As such, I have this sentence for certain Members sitting on my right side: "a chaste woman losing chastity in old age is no better than an old prostitute quitting prostitution". I hope certain Members sitting on my left side can "quit prostitution", and those on my right can refrain from "losing chastity".

I am perplexed as to why I, Albert and "Long Hair" are allocated seats in the middle. Such a seating arrangement simply tells us that we are sandwiched, and we must therefore launch an attack on both sides. Having been allocated such seats, we are destined to attack both sides, because we are sandwiched. As such, we all know that by putting forward this amendment today, we speak for the sake of speaking. We spend 15 minutes attacking both sides and expressing our discontent. We also speak on behalf of those outside the legislature who are unable to make themselves heard.

Does Mr Frederick FUNG have to be that serious? He said "wives and children should not be implicated". What "wives and children" was he talking about? This is not a proper analogy. Frankly speaking, he should polish up his Chinese and expressive skills. In the case of LEUNG Chun-ying, for example, he has very good expressive skills, only that we do not know what he is talking about from the very beginning till the end of his speech. While he seems to be articulate, the other Chief Executive candidate has very poor expressive skills, often making sound bites. As such, why is it important that he is good at expression and articulate? In the Legislative Council, there is a Member, Dr Priscilla LEUNG, who is also very articulate. But, do we know what she is talking about? Therefore, I hope Members (*The buzzer sounded*)

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

MR WONG YUK-MAN (in Cantonese): I am not asking Members to support this amendment. The purpose of our putting forward such an amendment is very simple, namely it serves as a political statement.

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

MR ALAN LEONG (in Cantonese): Deputy Chairman, you certainly know that immediately after Mr Albert CHAN's amendment, I will also move an amendment to deduct the Chief Executive's emoluments for April, May and June, mainly because he has not done his job well. However, I would also like to, on behalf of the Civic Party, explain the reasons why we cannot support Mr Albert CHAN's amendment. Certainly, we fully understand the reasons why Mr Albert CHAN has put forward this amendment, because I have also observed that the Chief Executive has not done his job well and has not tackled deep-rooted conflicts — the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (LOCPG) has brazenly interfered in the internal affairs of Hong Kong, which is certainly in breach of Article 22 of the Basic Law — given such bad performance of the Chief Executive, I will move my amendment on behalf of the Civic Party in a moment. Therefore, we fully understand how Mr Albert CHAN feels, and why he puts forward an amendment to reflect his mood, perception and feeling.

However, Deputy Chairman, this may be the time when the Chief Executive's Office is most in need of talents, people of vision and capability to defend Hong Kong's "high degree of autonomy" and "Hong Kong people ruling Hong Kong". Deputy Chairman may have noted some reports and rumors in the community on the incident of Prof Gabriel LEUNG, Director of the Chief Executive's Office, being threatened by CAO Erbao of the LOCPG. And, on the morning of 26 March, after LEUNG Chun-ying's visit to the LOCPG to thank the officials, CAO Erbao purposely came out of the office and made a show by seeing LEUNG off. It was reported that CAO Erbao threatened Prof Gabriel LEUNG, urging him to ask the Chief Executive to refrain from providing the Legislative Council with information on LEUNG Chun-ying's involvement in the West Kowloon Reclamation Concept Plan Competition, otherwise he would make public some "black materials" about the Chief Executive. Deputy Chairman, such are certainly rumors, which we cannot confirm. However, "for an empty hole inviting winds, there must be something behind". We have further noted some other situations, which I will explain in detail later when I move my amendment to avoid repetition. From the various indications, reports in the community and objective facts, we see that the LOCPG actually does not

bother to avoid arousing suspicion, and its interference with the Chief Executive's Office, the Chief Executive or the SAR Government is unprecedented. At this juncture, we need more people who are upright, dependable and willing to work in the Chief Executive's Office. The deduction of \$93 million is tantamount to, as mentioned by Mr Albert CHAN just now, closing the Chief Executive's Office. In that case, who shall we count on to defend human rights, freedom, the rule of law and democracy, which are the core values of Hong Kong, and to monitor the Chief Executive and the Chief Executive-elect in particular? Since it involves the expenditure for the whole year, who shall take up the responsibility of monitoring LEUNG Chun-ying upon his assumption of office when the Chief Executive's Office is no longer in existence?

Therefore, on such basis, we in the Civic Party would like to briefly state that we cannot support Mr Albert CHAN's amendment. As for all other matters relating to Donald TSANG's not doing his job well, I will explain in detail when I move my amendment.

I so submit.

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

(Mr Albert CHAN raised his hand in indication)

DEPUTY CHAIRMAN (in Cantonese): Mr CHAN, you will have an opportunity to speak again later. I now call upon Secretary for Constitutional and Mainland Affairs to speak first.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Deputy Chairman, on behalf of the SAR Government, I would like to respond to the Committee stage amendment moved by Mr Albert CHAN today. Mr Albert CHAN proposes to reduce the total expenditure for the Chief Executive's Office next year, including emoluments for its staff and other operational expenses, from \$93.07 million to \$1,000. The amendment, if passed, will lead to the cessation of operation of the Chief Executive's Office. I

hope Members would understand that the smooth operation of the Chief Executive's Office is crucial to the effective administration of the SAR Government, given the following key areas of work of the Chief Executive's Office:

First, the Chief Executive's Office provides support to the Chief Executive in co-ordinating and collaborating with various Policy Bureaux and the work of the Executive Council, so as to assist the Chief Executive in policy formulation, delivery of pledges made in the Policy Address, and coping with various challenges arising from changes in and outside Hong Kong. In the past five years, the SAR Government has, by implementing various major policies and measures, pushed forward the steady development of Hong Kong in terms of economy, people's livelihood and politics, and has responded to people's aspiration to live and work in contentment. In the process, the Chief Executive's Office has also played an important role, so that various major policies can be smoothly implemented. The Chief Executive's Office has also been actively involved in handling unforeseen incidents, such as the outbreak of Human Swine Influenza in 2009, the hostage incident in the Philippines in 2010, and the nuclear accident in Fukushima, Japan in 2011.

Second, the Chief Executive's Office co-ordinates and collaborates the Chief Executive's public and social engagements, maintains sound communications with various social sectors, so as to grasp public opinion, strive for public support of the administration of the Government, and strengthen the connections between Hong Kong and other countries and regions.

Third, the Chief Executive's Office co-ordinates the Government's media and public relations strategy, and monitors the reaction of the public and the media. The Chief Executive's Office is responsible for planning and implementing arrangements for the Chief Executive's public engagements relating to media interviews. It also strengthens communications with various social sectors, particularly the young generation, through the new media platforms.

Deputy Chairman, the Chief Executive's Office must be equipped with adequate resources to cope with the aforesaid work. Mr Albert CHAN's amendment obstructs the Chief Executive's Office from performing the major

duties mentioned above, and gravely and adversely affects the administration of the Government and the welfare of the general public.

Deputy Chairman, I so submit and oppose this amendment.

DEPUTY CHAIRMAN (in Cantonese): Mr Albert CHAN, you may now speak again.

MR ALBERT CHAN (in Cantonese): Deputy Chairman, my objective of requesting the deduction of the total estimated expenditure for the Chief Executive's Office is to kick out the corrupt Chief Executive. If the Chief Executive is no longer in office, there is no purpose to have the Chief Executive's Office, is that right? Therefore, I propose a lump-sum deduction of this expenditure item, so as to avoid the situation where staff members are retained while the Chief Executive is removed. However, under the existing system, staff members cannot make any decision on behalf of the Chief Executive. With the top leader removed, what is the point of establishing an office for him? In order to avoid being criticized for wasting public money, and prevent staff members of the Chief Executive's Office from feeling guilty with nothing to do during their working hours, the estimated expenditure should be deducted on a lump-sum basis.

As for the matters raised by the Secretary just now, we have often witnessed how the Chief Executive's own attitude has disgraced staff members of the Chief Executive's Office. For instance, the *Oriental Daily News* raised with the Chief Executive's Office eight questions on the Chief Executive's overseas visits, but only two or three questions were answered; only two out of six questions were replied. You said just now that the media should be attended to, but the problem now is that the Chief Executive, out of his own fear, is unwilling to disclose information to the public, so that the Chief Executive's Office finds it difficult to perform its proper duties, giving people an impression that the staff of the Chief Executive's Office are irresponsible, evasive in facing the media and unprofessional.

A greedy Chief Executive, a Chief Executive unwilling to face the public and the media, has made civil servants working in the Chief Executive's Office

feel that they have failed to perform their duties. They are fearful, feeling helpless and incompetent. What is worst is that they have no choice. The staff members of the Chief Executive's Office are supposed to take pride in their job, because they are serving the highest level official in Hong Kong. However, as the recent corruption cases of the Chief Executive have disgraced them, how should they handle the situation? In the past, when they met with friends or relatives on normal social occasions, they might be so proud in replying to enquiries concerning where they worked. The answer that they worked in the Chief Executive's Office was impressive, because that was the centre of power. However, with the exposure of the corrupt practices, people may ask them: "Have you also got some advantages? Since the Chief Executive only has to pay \$400 to purchase cordyceps, have you been allocated some? As he has over 1 000 bottles of red wine, have you occasionally been invited to drink a cup or two? As he often goes out to eat chicken with shark's fin, have you ever dined with him? When the tycoons entertain the Chief Executive, are staff members of the Chief Executive's Office also invited?" When being asked such questions, they come under pressure and feel disgraced. Therefore, it is appropriate to disband the Chief Executive's Office and transfer the civil servants concerned to other posts.

Mr Alan LEONG remarked just now that the proposed dissolution of the Chief Executive's Office would involve the Chief Executive-elect. In fact, this point of view gives Members another reason for supporting my amendment, because this jackal, this cunning wolf, is even more unpopular than the current Chief Executive.

As Mr WONG Yuk-man has said, this is a political statement. We do not hope to see that a greedy Chief Executive remains in office, and we do not hope to let a cunning Chief Executive-elect bring calamity to Hong Kong and society. Therefore, Members, particularly those from the pan-democratic camp, actually have one more reason to support my amendment. You will not only make the current Chief Executive step down, but also make the Chief Executive-elect possibly unable to assume duty due to the absence of funding. Your contribution will be profoundly beneficial. I believe that 7 million Hong Kong people will warmly welcome this, and need not take to the streets on 1 April.

If you support this amendment today, you are sending out a clear and unequivocal message: we do not want LEUNG Chun-ying to be the next Chief

Executive. I believe all Hong Kong people will warmly welcome our voting against the estimated annual expenditure for the Chief Executive's Office to deduct the emoluments for the Chief Executive's Office and the Chief Executive.

Therefore, I appeal to Members to note that this amendment is of dual political significance, opposing the corrupted and the cunning persons. I hope Members would carefully consider supporting this justified amendment with a clear political inclination and historical significance.

MR WONG YUK-MAN (in Cantonese): I promise you will have two votes.

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr Albert CHAN be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

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

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

CHAIRMAN (in Cantonese): Please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Raymond HO, Dr Margaret NG, Mrs Sophie LEUNG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Ms LI Fung-ying, Mr Tommy CHEUNG, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou and Dr Samson TAM voted against the amendment.

Geographical Constituencies:

Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LAU Kong-wah, Ms Emily LAU, Mr TAM Yiu-chung, Ms Audrey EU, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mrs Regina IP, Mr Alan LEONG and Miss Tanya CHAN voted against the amendment.

THE CHAIRMAN, Mr JASPER TSANG, did not cast any vote.

THE CHAIRMAN announced that among the Members returned by functional constituencies, 19 were present and 19 were against the amendment; while among the Members returned by geographical constituencies through direct elections, 23 were present, three were in favour of the amendment and 19 against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

MR ALAN LEONG (in Cantonese): Chairman, I move that head 21 be reduced by \$1,055,640 in respect of subhead 000. This is equivalent to the emoluments for the Chief Executive for the three months of April, May and June.

Chairman, I just went over one paragraph in Donald TSANG's 2007 election manifesto. It gives me a special feeling when I listen to it again at this time. He said (and I quote): "As we engage in the development of the nation, we are more advantageously positioned than any other metropolises. Not only are we a part of China, but also, we have retained our unique system, and human rights, the rule of law and our freedom are all guaranteed by the Basic Law. Our fine tradition includes a corrupt-free and highly efficient government, free and open media, lively and colourful culture, which are fully safeguarded under the Basic Law. The handover of Hong Kong has not resulted in the loss of all the things we cherish." (End of quote)

Chairman, Donald TSANG will step down in three months. Will we be overcome with emotions when we listen to these words again?

Right now, even if Hong Kong has not lost all these values, only a few have remained. Since Donald TSANG has failed to do a good job, it is only natural to reduce his emoluments. Slashing his emoluments for the last three months may be lenient to him.

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

Deputy Chairman, let me try to explain how he has failed to do a good job from the time that some of his corrupt and greedy acts have been disclosed.

Donald TSANG has over and again accepted entertainments offered by tycoons, which has jeopardized the reputation of the SAR Government. People are particularly concerned if the Government has, in formulating policies, tilted towards the consortia which have offered benefits to the Chief Executive. Are there any conflicts of interests which will tarnish the clean image of the civil servants and undermine their morale?

Let me cite the following few examples. First, he had rented a super luxurious penthouse in East Pacific Garden at market price. The landlord is WONG Cho-bau, a delegate to the Chinese People's Political Consultative Conference, and he also offers free posh decoration of the unit.

WONG Cho-bau is the major shareholder of the Digital Broadcasting Corporation. When the Executive Council approved the licence, Donald TSANG admitted that he had not declared interest, and he even exercised his discretion to allow Arthur LI to be the chairman of the company. People queried whether his decision was related to his renting of the penthouse in East Pacific Garden and the offering of free posh decoration of the unit. This is one of the examples.

Moreover, Deputy Chairman, up to now, we know that during his term, Donald TSANG has at least accepted four private entertainments by the business sector (ordinary acquaintances in his words), two of which were trips to Japan and Thailand in private jets, and the other two were trips to Macao on private yachts. Among the businessmen travelling together was ZHANG Songqiao, a wealthy businessman from Chongqing and the major shareholder of the Western Harbour Crossing.

Donald TSANG paid the market rate for his trip to Thailand. He paid \$500 for a return trip to Hong Kong on a private yacht. He enjoyed all these big favours by paying just the market rate. In my speech delivered in this Council, I quoted the words of a rather wise member of the public: "Buddy Kit, I give you \$500 for a return trip to Hong Kong from Macao on the same or a similar vessel with my wife. Can you arrange that for us?" Of course, he said this to tease Donald TSANG for giving such an anti-intellectual answer.

Deputy Chairman, let me try to cite the third example. On the Christmas eve of 2007, Donald TSANG stayed in the suite of the Venetian Macao, exclusive for high rollers. It is said that such suites are not open for rental. To be qualified, one has to buy \$8 million worth of chips, plus placing another \$8 million in bets. According to the Chief Executive's Office, the hotel room was arranged by his younger son and his girl friend, and he did not book it himself. However, his younger son was only a student at that time, one wonders how he had the financial means and network to arrange for a stay in this suite.

Furthermore, when the Legislative Council deliberated the Prevention of Bribery Ordinance in 2008, the Civic Party had asked to extend the application of section 3 to cover the Chief Executive, that is, bringing him in line with the principal officials and public officers, banning him from soliciting or accepting benefits unless approved. Nonetheless, Henry TANG, the then Chief Secretary for Administration, strongly opposed on behalf of the Government. Was Donald TSANG paving the way for his acceptance of such small favours and advantages? This is intriguing.

Deputy Chairman, certainly, we had, in this Council, asked Donald TSANG on what basis he decided to accept the entertainments offered by the tycoons. The Chief Executive said he had a set of internal guidelines, but when Andrew LI, the former Chief Justice of the Court of Final Appeal, who chairs the Independent Review Committee, wrote to the Chief Executive's Office to inquire the details, it was learnt by then that this set of internal guidelines is non-existent. It only lives in his heart.

Having mentioned such greedy acts of the Chief Executive which may result in conflict of interest and tarnishing the clean image of the civil servants, I must point out that in these five years, apart from accepting these entertainments, Donald TSANG has failed to deliver his election pledges, and among them, the most important ones being "one country two systems, Hong Kong people ruling Hong Kong, a high degree of autonomy" to be enjoyed by Hong Kong people as enshrined in the Basic Law. Under the administration of Donald TSANG, these safeguards have faded and almost become non-existent. Deputy President, let us just concentrate on the recent cases, the media has revealed lately that the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (LOCPG) has meddled in affairs such as the Chief Executive Election, academic freedom, and so on. The Chief Executive has remained silent. His giving a free hand to the LOCPG to interfere in the affairs of Hong Kong has entirely let us down. How can we say he has done a good job? This is one of the reasons for slashing his emoluments for three months.

There are many examples of the LOCPG meddling in the affairs of Hong Kong, which are in contravention of Article 22 of the Basic Law. Let me try to cite some to support today's amendment aimed at slashing the Chief Executive's emoluments. First, it canvassed the votes of the Election Committee members in a high profile, asking them to support LEUNG Chun-ying. When attending

the Chinese programme "左右亂局" on the Commercial Radio on 20 March, James TIEN, Honorary Chairman of the Liberal Party, said that during the week, many junior officials of the LOCPG have been lobbying the Election Committee members, asking them to support LEUNG Chun-ying.

On 21 March, two newspapers extensively reported that upon the release of the confidential documents pertinent to the West Kowloon design competition last month, LOCPG official CAO Erbao invited Professor Gabriel LEUNG, a key official of the Chief Executive's Office, to lunch at the Hong Kong Jockey Club Happy Valley Clubhouse at Shan Kwong Road. At the dining table, CAO Erbao asked the SAR Government to slack off, suggesting that the TSANG's team should not take action against LEUNG Chun-ying. At that time, the Legislative Council was about to vote on whether or not to invoke the Legislative Council (Powers and Privileges) Ordinance to launch an investigation into LEUNG Chun-ying.

Later in its response, the Chief Executive's Office almost acquiesced to the report, explaining that "communicating with organizations of the Central Government in Hong Kong is one of the duties of the Chief Executive's Office. Therefore, staff members of the Office will, from time to time, meet with or hold meetings with officials of the LOCPG." When pressed by the media, Gabriel LEUNG, Director of the Chief Executive's Office, only smiled and avoided giving a reply, without ever denying the incident. If a minister of the LOCPG can openly rebuke an SAR government official, we can imagine the severe blow dealt to the morale of the civil service. Being the Chief Executive who does not have the pressure of seeking re-election, why has Donald TSANG not even expressed his concern at the very least? Can we say that he has done a good job?

Deputy Chairman, on the same day, many newspapers reported that State Councillor LIU Yandong had travelled south to the Zijing Shanzhuang in Shenzhen to canvass for LEUNG Chun-ying. A newspaper had taken photos of vehicles with cross-boundary vehicle licences being driven in and out of the Zijing Shanzhuang, including that of Bernard CHAN, a National People's Congress deputy and an Election Committee member. This act of openly interfering in the election of the HKSAR's Chief Executive is a blatant and outrageous contravention of Article 22 of the Basic Law, but Donald TSANG, who regards his being the Chief Executive as a job, did not say a word.

On a radio programme on 22 March, Albert HO cited the saying of the person in charge of a newspaper organization. He pointed out that the secretary of a senior staff of the organization received a call from an official of the LOCPG, expressing dissatisfaction about the newspaper's criticism of the LOCPG. SIN Chung-kai, Vice Chairman of the Democratic Party, later confirmed in a media inquiry that HAO Tiechuan had called the owner of the *Hong Kong Economic Journal*. The incident had been rumoured for almost two weeks before coming to light. Nonetheless, where again was the Chief Executive? He seemed to have turned a blind eye and a deaf ear to the incident. Not only did he remain silent, he was also as quiet as the deep sea, making not even one utterance. With this attitude, how can he be given his emoluments?

Deputy Chairman, other examples include HAO Tiechuan, Director of the Publicity, Cultural and Sports Department of the LOCPG, who totally disregarded his position and slammed the Public Opinion Programme of the Hong Kong University for being unscientific and illogical, but Donald TSANG also did not utter a word. Consequently, the LOCPG has recently interfered blatantly in Hong Kong affairs, turning "no change for 50 years" to empty talk. Hence, under such circumstances, when we listen again to Donald TSANG's 2007 election manifesto which I quoted at the beginning of my speech, it really brings tears as well as a feeling of "those good old days" to the people of Hong Kong.

Deputy Chairman, the reasons for slashing Donald TSANG's emoluments for three months are that he has not done his job well. Apart from the fact that he has failed to defend the mechanism of "high degree of autonomy, Hong Kong people ruling Hong Kong" for the HKSAR, he has also not lived up to our expectation of being corruption-free, thus disgracing the civil servants. This misdeed alone is suffice for slashing his three months' emoluments.

Moreover, we can also take a look at the pledges he made in 2007 when he ran for the Chief Executive. Many pledges have not been honoured. For example, what has he done for the development of the political system which he claimed he would "play a big game"? He gnashed his teeth when he brought up the issue of defending press freedom in his debate with me, but what has he done? As regards social welfare policy, as far as we can see, the wealth gap is only getting bigger. At the time, he also promised to improve education for grass-roots children but up to now, he has refused to extend small class teaching to secondary schools. Also, he has not been able to debundle textbooks. On

the medical front, he failed to deliver his promise of building a new hospital in Tin Shui Wai, and has even postponed the deadline from 2015 to 2016. Regarding traffic, there are no new initiatives worth mentioning, the study on the diversion of the three tunnels still has no result. Given such performance, should his emoluments be slashed? Therefore, I hope the Council will support my amendment.

Mr Alan LEONG moved the following motion:

"RESOLVED that head 21 be reduced by \$1,055,640 in respect of subhead 000."

MR LEUNG KWOK-HUNG (in Cantonese): Deputy Chairman, when "Uncle TUNG" suffered from leg pain — as we all know, TUNG Chee-hwa's leg pain was bogus — When Donald TSANG assumed office, I did not know which one of his literati taught him to recite a line from Chairman MAO's poem, that is, "Idle boast the strong pass is a wall of iron. With firm strides we are crossing its summit"¹. He was very happy to be favoured by the bigwigs and had the opportunity to be the Chief Executive. I am not sure if he intended to "lick the boots" when he quoted "Idle boast the strong pass is a wall of iron. With firm strides we are crossing its summit".

On that day, I was inside the Chamber at the old Legislative Council Building. As my seat was not far from his, I asked him, "Do you know the last two lines?" He replied in the negative — he might know or he might not know. The last two lines are "The rolling hills sea-blue. The dying sun blood-red"². When MAO Zedong wrote this poem, he had just won a war, but that was only a miserable win. Now, it is like drawing a fortune stick at the Wong Tai Sin Temple, with Donald TSANG ended up in "The rolling hills sea-blue. The dying sun blood-red". Under all eyes and condemnations, he pretended to sob and said, "Please forgive me. You really have to forgive me." He then left.

When the public and Members asked him of the number of incidents of suspected conflict of interest or alleged deferred interest, and whether he could

¹ <<http://www.zxtlaw.com/link14.htm>>

² <<http://www.zxtlaw.com/link14.htm>>

provide a list, he simply replied, "This job requires me to have contacts with a lot of people, and unavoidably, including the wealthy and the bigwigs. It would be very inconvenient if the information has to be made public." This answer can be regarded as excellent. The underlying meaning is that he admits to have contacts with a number of wealthy people and bigwigs, and this convenience comes with his job, but after all, it is not convenient to go public. Deputy Chairman, in any region or country where the parliament has the power to remove the state leader, the president or the premier, if such a reply comes from a person in power, he may as well book an air ticket for an overseas trip because he is bound to step down.

However, this Council only requests to deduct his emoluments for three months as a form of penalty, but even so, we cannot under the protection of the royalist camp, there is no chance that the Legislative Council (Powers and Privileges) Ordinance (P&P Ordinance) can be invoked to invite the Chief Executive to come again to answer our queries, to state clearly whether he has any such dealings and with whom; whether he has met with LEUNG Chun-ying or officials of the LOCPG; or whether he had dined with LEUNG Chun-ying, and so on. This is the worst scenario.

This Chief Executive has made countless pledges in the Council, and I have hurled objects at him numerous times. He should still have to come to this Council for one or two more times. As we can see, the Chief Executive cannot wait extending favours to the tycoons. Now, at a time when he is busy packing to leave, and when many people of Hong Kong are puzzled and in doubt, he exercises his leadership — his leadership skills is beyond doubt — the Executive Council has approved the construction of the third runway. He has other work to do. Fellow colleagues, do not be mistaken that he has nothing to do. He does what he should do. Let us think, why does he have to rush through this? Why not leave the matter to LEUNG Chun-ying?

When it comes to voting, if some colleagues think that he should not be punished by having his three months' emoluments slashed, have they considered that the slash in wages is only a very minor act to respond to the outrage of Hong Kong people? Even if his three months' emoluments are slashed, it is just a minor penalty. He does not have to be investigated by this Council in accordance with the P&P Ordinance, nor does he have to be impeached in accordance with the Basic Law. He is only subject to the investigation by the

Review Committee chaired by the former Chief Justice. More often than not, such kind of investigation will normally let go the person concerned. Take Fanny LAW as an example, she is the favourite of the LEUNG camp who once said she would not be a government official for "N" terms, and it turned out that she had interfered in academic freedom once being investigated.

Fellow colleagues, if today you do not agree to slashing the Chief Executive's emoluments for three months, I simply cannot understand why you were so indignant that day when you furiously chided the Chief Executive in this Chamber for his wrongdoing, taking advantage of him and campaigning for LEUNG Chun-ying? Even if the Chief Executive has his three months' emoluments slashed, he has in fact been compensated, as the cheap rental for the apartment provided by WONG Cho-bau, which involves tens of millions of dollars, is already a compensation. Many people may say, "Long Hair", the difference is not that big. However, if the incident has not been disclosed, does he really have to pay the rental as stated on the tenancy agreement signed with Mr WONG Cho-bau? That tenancy agreement is only for window-dressing purpose.

What has Donald TSANG done in the past? He has tried his best to cater to the governance by the Communist Party of China (CPC) in Hong Kong, so as to enable a smooth governance in Hong Kong, and he has also brought the aspirations of Hong Kong people to the lowest. When LI Keqiang visited Hong Kong, has he, as the Chief Executive, at any time safeguarded the right of Hong Kong people to protest to LI Keqiang, the Vice Premier? When has he safeguarded the right of Hong Kong people? The Commissioner of Police whom he appointed has surpassed him and done a great job. The Commissioner decided on his own that press freedom and the freedom to protest should be compromised, and the Chief Executive was on his side, not ours. He was not on the side of Hong Kong people, sharing their view that they should enjoy human rights and freedom.

Let us also take another look at what the Chief Executive has done benefiting the Mainland consortia to come to Hong Kong and make money. Take the six "tragic industries" (that is, the six priority industries) referred to by Mr WONG Yuk-man as an example. All the resources of Hong Kong people and actions that should be taken Just look at the education industry and the medical services industry under the charge of Secretary York CHOW, the medical services industry ended up with tens of thousands of "doubly

non-permanent resident parents" who can make bookings to give birth in Hong Kong, so long as they can pay more than \$100,000. This is the Government's medical service industry.

Also, take a look at my constituency. A hospital applied for 2 hectares of land, 1 hectare is used for constructing a hospital while the remaining one is used for constructing luxury flats. This again is the good deed of the Government. All such similar incidents, incidents which tilt towards the tycoons are happening slowly under the administration of Donald TSANG.

Fellow colleagues, Donald TSANG is of course shameful, but if today we do not even slash his emoluments for three months as a punishment, how are we going to deal with LEUNG Chun-ying later? If we dare not penalize Donald TSANG today, when LEUNG Chun-ying assumes office later, he will follow suit. At the moment, LEUNG Chun-ying is still embroiled in numerous allegations. Whether or not he had lied or engaged in any transfer of benefits while he was in public office is yet to be cleared, but the State Council has appointed him, thus the door is closed.

I am not sure if this Council is aware of what the public thinks. What Hong Kong people fear most is not that the Chief Executive makes money for local tycoons, instead, they are more afraid that the Chief Executive will turn Hong Kong into a "gold mine" to be exploited by consortia under the CPC Government. This is what Donald TSANG has been doing. These are his achievements, and it turns out that he is in fact a corrupt Chief Executive.

Today, we are here to usher in a new king, that is, LEUNG Chun-ying, to whom many Members in this Council have cast their votes. Have we ever considered whether LEUNG Chun-ying, the Chief Executive-elect, will really do a good job? My view is simple. Today, Donald TSANG has to have his three months' emoluments slashed, rather than being impeached or being investigated under the P&P Ordinance, this in fact is a shame for this Council because constitutionally speaking, we are the only institution that can monitor him through due procedures. It is a real pity that Donald TSANG has failed to do his last job well. He has not launched an investigation into the scandals stemming from the Chief Executive Election. Does he dare launch an investigation? Will he do so? Will he unravel the mysteries for Hong Kong people? Has the LOCPG really interfered in the election? If Donald TSANG dares to do so, I

will not slash his emoluments for three months. I openly appeal to him to embark on this work quickly.

Fellow colleagues, under the guidance of the LOCPG, LEUNG Chun-ying secured the post of the Chief Executive, and the first thing he will do is to enact laws on Article 23 of the Basic Law. I think we should thoroughly investigate into Henry TANG's allegation against him. This has in fact constituted unfairness in the election because if a candidate lies, blaming others for smearing or defamation, members of the Election Committee or the others will definitely think that they should not cast their votes for that particular candidate. I hope Donald TSANG will investigate the matter. If he or his team will conduct this investigation, I will withdraw my call for slashing his emoluments for three months, plus I will give him \$3 from my own pocket.

Deputy Chairman, I support all amendments seeking to slash the expenditure for the Chief Executive's Office or the Chief Executive. I think this only represents Hong Kong people's (*The buzzer sounded*)

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

MR LEUNG KWOK-HUNG (in Cantonese): views.

MR IP KWOK-HIM (in Cantonese): Deputy Chairman, Mr Alan LEONG's amendment mainly seeks to deduct an amount equivalent to the expenditure of three months' emoluments of the Chief Executive. I have been listening carefully when Mr Alan LEONG spoke just now. He has two justifications for his amendment. First, he expressed his view on the present alleged corruption offences of Chief Executive Donald TSANG, saying that three months' emoluments of the Chief Executive should be deducted as a disciplinary action for his alleged involvement in corruption. This point is in fact very similar to the first point raised by Mr Albert CHAN.

Mr Albert CHAN's amendment seeks to deduct the whole year expenditures for the Chief Executive's Office and the Executive Council. He also cited Mr TSANG's alleged corruption offences as his justification.

However, Members should clearly remember that some time ago, several heated debates were held in this Chamber, and we vetoed a motion to invoke the power of the Legislative Council (Powers and Privileges) Ordinance to conduct an investigation into the matter.

The stance of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) is that given the matter is being investigated by the Independent Commission Against Corruption (ICAC), we should wait for the result of the ICAC investigation before drawing any conclusion. Members should not adopt an approach of "passing a judgment before trial". In particular, Mr Alan LEONG who has a profound legal background should not adopt such an approach. I note that the Civic Party voted against Mr Albert CHAN's amendment just now. Or, at least, as far as I remember, they have never voted for similar amendments. Having listened to their justifications, however, I thought they are on the side of Mr Albert CHAN. Nonetheless, the DAB absolutely does not support such an approach merely due to the fact that the Chief Executive is allegedly involved in corruption.

Next, Mr Alan LEONG has emphatically pointed out that the Chief Executive has not "got the job done" and failed to fulfil his campaign promises, and thus we have to slash his three months' emoluments. If this point is justified, the Chief Executive should have 12 months' emoluments slashed, as this will have a greater punitive effect.

However, on the whole, the DAB opposes these two amendments as well as the up-coming amendments which seek to deduct the emoluments of several Secretaries of Departments and Directors of Bureaux and the estimated expenditure for the Central Policy Unit. It is because these amendments will undermine the effective operation of the Government and Members should never adopt such an approach to stake out their stance.

Just now, I also heard Mr LEUNG Kwok-hung criticize the Chief Executive and several public officers for their inadequacies, thus saying that they deserve a salary reduction. However, I have heard even more people say that the frequent misconduct and misbehaviour of some Members, such as hurling objects, shouting at will and obstructing meeting procedures, have set a bad example to children and they think that these Members deserve a salary reduction more.

Hence, the DAB will not support these amendments, and I think that we should not give people the impression that Members are fond of making whimsical statements and citing untenable justifications which have no legal or scientific backing.

Deputy Chairman, I so submit.

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

(No Member indicated a wish to speak)

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy Chairman, on behalf of the Administration, I will respond to Mr Alan LEONG's amendment to the Appropriation Bill 2012 (the Appropriation Bill).

Mr LEONG moved an amendment to deduct an amount of \$1,055,640 under Head 21 and explained that his amendment sought to deduct an amount equivalent to three months' emoluments for the Chief Executive.

We understand that Members hold different views on the Government's performance and they have their own views on different policy purview. At present, Members can express their views through different channels. For instance, every year, the Chief Executive and the Financial Secretary extensively seek the views of Members and different sectors in society in formulating the policy address and the budget. Members can also express their views on different policy issues through Legislative Council meetings and panel meetings.

We always listen humbly to different views and maintain close liaisons with the Legislative Council, the public as well as different sectors of society in formulating various policies. Despite the fact that we might not be able to reach a consensus with every Member on every policy and measure, we strive to maximize our common grounds while respecting our differences through consultation and negotiation, such that when a policy is launched, it can be more comprehensive and can secure more extensive public support.

It is neither appropriate nor justifiable for Members to make use of the opportunity to move amendments to the Appropriation Bill to fulfil their intention to deduct the emoluments of the officials concerned. Hence, the Administration opposes the amendment. Based on the same reason, the Administration will also oppose two amendments of the same nature to be moved by Ms Audrey EU and Mr James TO later.

DEPUTY CHAIRMAN (in Cantonese): Mr Alan LEONG, do you wish to speak again?

MR ALAN LEONG (in Cantonese): Deputy Chairman, I certainly do not expect that the Secretary would support my amendment. Perhaps, allow me to briefly respond to what Mr IP Kwok-him said just now.

To begin with, I certainly wish to deduct one year's emoluments of Mr Donald TSANG if possible; or it would be even better if his emoluments in the past five years can be deducted because he has not lived up to his words to "get the job done", but this is not possible because he has already received those emoluments. We can only be forward-looking when we scrutinize the Budget, and there are only three months left in his term in the financial year covered by the Budget. That is why we propose to deduct his emoluments for the three months of April, May and June.

As for his remark of "passing a judgment before trial", Mr IP Kwok-him said just now that he had listened very carefully to my speech, but I am afraid he has listened selectively. Actually, I listed out some undeniable facts, including offences that Mr Donald TSANG has admitted. These offences do not need any further trial. Hence, I urge for Members' understanding that this is not a reason for not supporting my amendment.

Regarding Mr IP's remark just now that I should support Mr Albert CHAN's amendment if my logic is tenable, Deputy Chairman, you should have heard me say that it is more paramount now than ever that the framework of the Chief Executive's Office be strengthened and consolidated, and I hope that capable and knowledgeable people can rise to this task, so as to spur on and

monitor our future Chief Executive or the Chief Executive-elect. Hence, I have explained why the Civic Party cannot support Mr Albert CHAN's amendment.

Deputy Chairman, just now, I have mainly voiced the fact that Mr Donald TSANG's greed for small gains has tarnished the incorruptible image of civil servants and dampened their morale. Worse still, he has not "got his job done" in respect of safeguarding Article 22 of the Basic Law, "one country, two systems", "Hong Kong people ruling Hong Kong" and "a high degree of autonomy". Besides, I have also listed the promises which Mr Donald TSANG made five years ago when he stood for the Chief Executive Election, to illustrate that he has not fulfilled those promises at all. With these justifications, I hope this Council can support my amendment.

I so submit.

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr Alan LEONG be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr CHAN Kin-por rose to claim a division.

DEPUTY CHAIRMAN (in Cantonese): Mr CHAN Kin-por has claimed a division. The division bell will ring for five minutes.

(While the division bell rang, THE CHAIRMAN resumed the Chair)

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Dr Joseph LEE and Mr CHEUNG Kwok-che voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Mr Paul CHAN, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou voted against the amendment.

Mr Paul TSE abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr James TO, Ms Audrey EU, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin and Mrs Regina IP voted against the amendment.

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

THE CHAIRMAN announced that among the Members returned by functional constituencies, 23 were present, four were in favour of the amendment, 18 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 21 were present, 12 were in favour of the amendment and eight against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

MS CYD HO (in Cantonese): Chairman, I move that head 21 be reduced by \$273,325 in respect of subhead 000.

According to the authorities' reply to a written question on the Budget, the expenditure on the social engagements of the Chief Executive and his wife in 2011-2012 is \$321,000. In addition, the Chief Executive receives a non-accountable entertainment allowance at an annual rate of \$768,300, which is an additional allowance associated with an official residence for meeting expenses for official entertainment at the official residence. These two amounts add up to a total of \$1,089,300. Given that there are three months left for the term of the incumbent Chief Executive, we have divided this total sum by four and got the amount of \$273,325. The calculation is very clear.

As the Chief Executive has failed to fulfil a large part of his election platform after he came to office, just now, Mr Albert CHAN moved to cut down the expenditure of the Chief Executive's Office by \$93 million accordingly. Mr Alan LEONG also moved to reduce the expenditure on the Chief Executive's salaries by \$1,050,000. Yet, these two motions were not passed. Now, we move to reduce the expenditure by \$273,325, which is actually a concession. It is a well justified proposal which clearly specifies the amount to be reduced and the period over which this amount covers. The proposed reduction is also supported by a clear calculation. Therefore, unless you really want the Chief Executive to continue with his dubious social engagements, you should support our proposal.

Actually, we agree that the Chief Executive should meet with different sectors, both formally and informally, through social engagements to listen to their views before implementing policies or for the purpose of formulating policies. However, after the Chief Executive has come to office, he only listens

to one side and treats people differently according to their affinity with the Government. This kind of differentiation has affected his attitude in listening to public views. While he says that he will lobby different sectors in order to gain their support and recognition, we are sorry to say that his saying is not true. As a matter of fact, he does not care much whether Members of the democratic camp would support him in the Council because, under this weird separate voting system, our amendments will never be passed. On the contrary, if the Government and the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (LOCPG) join hands, they can always secure more than 30 votes in the Council. Hence, the democratic camp and ordinary citizens are actually excluded from all the formal and informal meetings and communications with the Chief Executive. In the past, Members of the pan-democratic camp had written to the Chief Executive, making formal and open requests for a discussion on the 2012 political reform package, but our requests were declined repeatedly. Some officials even said that there was no point in meeting "Long Hair" and "Yuk-man" because they would just yell in every meeting.

It is natural to have different views in the Council. As the Chief Executive, he should always be ready to receive different views. There should be formal and informal channels for him to meet with different people. However, for Members of the democratic camp, how many times can we meet with the Chief Executive in a year? We can meet him once in the consultation before he delivers his policy address each year. Members on the right side are experienced in joining such consultation. Each of them will speak for five minutes at most and then they have to shut up. Chairman, the second chance is given by you as you will invite government officials to dine with us once a year. When the Chief Executive hosts a meal in the Government House to show his gratitude, we get the third chance to meet with the Chief Executive. That is all. Members' seating arrangement is decided by drawing lots; those who sit at Table No. 1 with the Chief Executive may ask him questions. In January this year, it happened that Ms Audrey EU was in the same table as the Chief Executive and she could directly ask the Chief Executive when the authorities would achieve the air quality objectives proposed by the World Health Organization.

Yet, how many Members can be selected to sit at Table No. 1 in a banquet with tens or even a hundred people? The Democratic Party may still have chances to meet with the Chief Executive. At least, we know from the gossip

news that Donald TSANG had dined with members of the Democratic Party at a Chinese restaurant, and someone splashed orange juice and hurled napkins during the meal. However, the Labour Party, which opposes the GDP doctrine of Donald TSANG and his indifference to people-oriented development, has never been invited to have this kind of informal communication with him. Even if we want to communicate with him formally, he refuses to see us. As for the Civic Party, which insists on procedural justice, I am afraid that they will not have much chance to discuss with him outside the Chamber as well.

In light of the above, if social engagements are only for the Chief Executive to socialize with his fellows and listen to views pleasant to the ear instead of the people's voice, he should not ask us to foot the bill. In these social engagements, he does not intend to listen to the views of different sectors sincerely and openly but has turned the activities into some kind of "social gatherings" for him to exchange flattery and benefits with his fellows. These activities should not be paid from public purse.

In recent years, the LOCPG has sometimes stepped in and taken the place of the Chief Executive's Office in securing votes of the establishment camp. For example, when we discussed the political reform package in 2010, officials of the LOCPG were somewhat on the front line. In fact, it is easier to win a vote from the democratic camp than firmly secure the votes of the pro-establishment camp. This is because we are only concerned about the matter itself. Our stance is well-expected. As long as the authorities are willing to adjust its policies or amend its bills fairly according to public opinion, it is not difficult to win our votes. On the contrary, the votes of functional constituencies involve many complicated interests which are difficult to balance. According to an article of CHOY Chi-keung published a couple of days ago, our Chief Executive's Office has handed these political duties over to "Western District" for the sake of convenience. If these duties are all taken up by "Western District", or "Western District" may have even met with the Democratic Party, the Chief Executive's Office will no longer have to conduct so many informal meetings and social engagements. Is that right?

The worst consequence of having these political duties outsourced or handed over is that it ruins the "one country, two systems". On 24 March, the day before the Chief Executive Election, many political parties of the democratic camp and civil organizations marched to the LOCPG in streams from day to night

to protest against its open interference with Hong Kong's affairs. On those couple of days, many members of the Election Committee (EC) and political figures also went to the LOCPG voluntarily or involuntarily to "listen to its instruction". The media, when preparing news reports outside the LOCPG, saw many EC members and political figures driving in and out.

There are only three months to go before the term of the Chief Executive comes to an end. He should shift his work focus from policy formulation and implementation to handover; hence, he no longer has to collect views on new policies through social engagements. Moreover, it is clear that he has lost the power of directing policies. For example, last Monday, many individuals attended the meeting of the Panel on Environmental Affairs to give views on the construction of incinerators and the building of landfill in Tseung Kwan O Area 137. During the meeting, all attending residents and deputations, as well as Members present were against the funding proposal, though the Government tried hard to convince them. As the current government proposal on the construction of incinerators is not in line with the election platform of the Chief Executive-elect LEUNG Chun-ying, resident representatives and deputations opined that the authorities should first abandon that proposal and start the discussion afresh after the next-term government came to power. That is how things go. It is inevitable for a caretaker government to go through this situation in reality. As the Government has lost its decision-making power, and stakeholders and interest groups turn to discuss with the Chief Executive-elect, I do not think the Chief Executive will have many social engagements. I am afraid that even if he invites others to have discussion with him, no one is going to accept his invitation.

Besides, Donald TSANG had, in his term of office, accepted special entertainments from tycoons in various trips to overseas. For instance, he only paid several hundred dollars for a ride in a private yacht, an amount equivalent to the first class fare of commercially-run jetfoil service. He had also gone on vacation in a private jet. The Chief Executive, who accepted entertainments and engaged with the rich without trying to avoid potential conflict of interests, has ignored the public expectation that public officers must be clean and law-abiding. Meanwhile, he is suspected of having received benefits. In this case, he should have been suspended pending investigation. Unfortunately, when some of our Members proposed invoking the Legislative Council (Powers and Privileges) Ordinance to obtain further information or to impeach the Chief Executive, their

proposals were not supported by the Council. Right now, by proposing a reduction of his public expenditure on overseas visits, we are only indicating our lowest degree of dissatisfaction on behalf of the people in the Council.

Furthermore, when the Chief Executive is on vacation, he will still be protected by G4 staff. After repeated questioning, we finally know that, when he went on vacation on yachts owned by tycoons, the expenditure incurred by his bodyguards was paid by the public coffers. I hope that Donald TSANG, in the aftermath of his scandal, can keep away from public life and have fewer vacations abroad in the next three months so that public money will not have to be spent on his bodyguards. This is exactly why we propose cutting down his expenditure on social engagements in his remaining term.

In the remaining term, are there any important bills which require the SAR Government to secure votes from Members? I have looked into this issue and find that there are only three more important bills, including the Competition Bill, the Residential Properties (First-hand Sales) Bill and the Companies Bill. All of them involve significant commercial interests. Many people will, by fair means or foul, approach the Chief Executive, hoping that he can sit down and have a discussion with them. Nevertheless, the Chief Executive should have already listened to all the relevant views and made the necessary decisions when formulating the policies concerned. At this critical moment, the Chief Executive should avoid to have any involvement. He should keep his hands clean even if there is someone fawning on him actively, not to mention making any invitation on his own initiative. If he makes such an invitation, he will be suspected of having a discussion on the transfer of deferred benefits. In the remaining three months, the Government can hardly implement any new policies. As for the important bills which involve significant commercial interests, they have already been drafted. These bills should be discussed in the Council instead of being discussed informally outside the Council under the influence of the rich and large businesses.

In view of the above, the thirty or so Members of the pro-establishment camp are the remaining target of the Government in its bid to secure votes. Chairman, here I would like to make a suggestion to the Democratic Alliance for the Betterment and Progress of Hong Kong. If the Chief Executive invites you to have a barbecue with him in a villa in Fan Ling, it is actually very stupid of you to accept the invitation and sit in front of a fire when the weather is so hot. I

hope that the pro-establishment Members can avoid joining these social parties. Furthermore, the LOCPG has already interfered with local politics openly. In the next three months, the centre of power in "Western District" will only be more active. How much power will be left for the "Central District"? Why does the Chief Executive have to spend more than \$200,000 on social engagements? Thank you, Chairman.

Ms Cyd HO moved the following motion:

"RESOLVED that head 21 be reduced by \$273,325 in respect of subhead 000."

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

MR LEE CHEUK-YAN (in Cantonese): This amendment, proposed by Ms Cyd HO on behalf of the Labour Party, is actually our minimum request. Just now, Mr Alan LEONG proposed an amendment to deduct the salary of the Chief Executive for three months and we voted for it. Let us refresh our memory about this incident. Why did we propose such a pay cut? The main reason is that it is an incident related to corruption.

I would like to ask members of the public, what penalties have been imposed on the Chief Executive for his corruption? The answer is no. His so-called apology was a fake apology. He apologized simply because he had let people down. He somewhat ascribed his failure in meeting public expectation to people having too high an expectation on him, while he had not kept abreast of the times. That was why he apologized. If we had listened to him carefully, we would have found that he did not apologize for his behaviour. I really want to ask the Chief Executive if he has a tinge of remorse. Yet, he is not in the Chamber now. Apart from letting people down, did he realize that he has done something wrong?

Therefore, in this amendment proposed today, we have only made the minimum request. We have earlier supported Mr Alan LEONG's amendment but it was not passed. Now, Members should at least support cutting down the entertainment allowance of the Chief Executive. The reason is simple: the Chief

Executive is always the one accepting entertainments instead of hosting entertainment. If so, why should he have a budget for social engagements? The logic is as simple as that.

In fact, we all know how generous the entertainments he had received. For a yacht ride, he only paid the fare of jetfoil; for a ride on a private jet, it just cost him the air fare of economy class. As for his stay on a private yacht when he visited Phuket, Thailand, he did not even have to pay a cent. All these are clear examples that the Chief Executive had accepted entertainments.

Regarding the renting of the apartment, despite his repeated explanation that he has paid the market rate, the amount did not cover the costs of the tailor-made decoration. The decoration costs involved in this incident amounted to \$3 million, and the landlord clearly stated that the wife of the Chief Executive had been involved in the decoration. In this case, the decoration was actually a gift to them. The Chief Executive and his wife, who designed the decoration, would only have to pay the market rent after the renovation. It makes the decoration a free gift in disguise. Some may say that decoration costs should of course be borne by the landlord. Nevertheless, generally, landlords will not provide tenants with tailor-made decoration and let them have whatever posh decoration they like. The decoration in question was obviously tailor-made for the Chief Executive. As he is being entertained by so many people, why does he need to entertain others?

Chairman, we all know about the recent scandal involving the Conservative Party of the United Kingdom, resulting in the dismissal of its fund-raising officer. I am not sure if that officer was telling the truth or not. He told the press that he could arrange any party donors to dine with the Chief Executive not the Chief Executive, it should be the Prime Minister. He was immediately fired, and the British Prime Minister immediately denied such arrangement.

Just think, arranging dinner party for the Prime Minister can lead to such a scandal in the United Kingdom; yet, in Hong Kong, the Chief Executive does not think there is anything wrong for him to accept so many entertainments. How low we have fallen in comparison! Chairman, if we do not even cut his entertainment allowance, we cannot be accountable to the public.

Of course, in the view of the Labour Party, the best way to be accountable to the public is to conduct an inquiry into the Chief Executive by invoking the Legislative Council (Powers and Privileges) Ordinance. Yet, the relevant motion was voted down. Another action that we can take is to impeach him. For this, we are drafting the wording of a motion.

I think, at present, we should at least cut the entertainment allowance of the Chief Executive. This is the only thing we can do for the people. Just now, the motion moved by Mr Alan LEONG was negatived. We do not have confidence in getting our amendment passed. However, if the pro-government camp continues to support the Government blindly and keep his entertainment allowance, they may Chairman, do we have to declare our interest later? They have direct pecuniary interest. Chairman, this is a point of order. In the next three months, they may receive entertainment. We have never been invited, say to a barbecue. Chairman, later when we put the motion to vote, do Members have to declare their pecuniary interest and state if they had accepted entertainment offered by the Chief Executive?

Chairman, I speak mainly to convince Members to vote for this amendment. Thank you, Chairman.

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

MS AUDREY EU (in Cantonese): I would like to talk about the stance of the Civic Party with regard to the voting to be conducted in a moment.

Chairman, many people outside this legislature said that Donald TSANG was a matter of the past, thus why should we have to cut his wages and the estimated expenditure on his social engagements for three months? At present, all the focus is on the Chief Executive-elect, and not many people are interested in the news concerning the incumbent Chief Executive. Originally, in discussing the Budget in this Council, the proposal to deduct three months' salary of the Chief Executive and his entertainment allowance of some \$200,000 should be regarded as a serious issue, because generally speaking, Members will not rashly make such a proposal, but as a matter of fact, a series of recent news reports have precipitated our move.

Just now Mr Alan LEONG mentioned the reasons in support of his amendment. Mr IP Kwok-him said that there were only two reasons. In fact, Mr Alan LEONG has put forward three major reasons and other supporting justifications. The three major reasons include the "hospitality-gate" incident, that is, he received hospitalities from tycoons; the incident of renting a luxury flat, as well as his failure to defend "one country, two systems" and to honour his pledges made in the election.

The reasons given by Mr Alan LEONG in his speech are in fact also applicable to the amendment of Ms Cyd HO, in particular the so-called "hospitality-gate" incident. Regarding the "hospitality-gate" incident, Mr Alan LEONG of our party, the Civic Party, had written to the Chief Executive and requested him to list out the number of times he had received hospitalities and details of such hospitalities. The letter was sent on 23 February, and we only received the reply from the private secretary of the Chief Executive on 21 March, which was almost one month later. We asked the Chief Executive to list out in table form details of the hospitalities, but he just repeated what he had said previously, that is, his trips on a private yacht and a private jet trip to Japan, Macao and Phuket (Thailand), as well as another trip to Macao. He only paid ordinary jetfoil fares and economy class air fares, and did not pay for the accommodation. In his letter, he only repeated what he had said in the past.

Nevertheless, as we recall, besides the above trips he had acknowledged, the press has later unearthed that the Chief Executive once stayed at a luxurious Macao casino hotel suite reserved exclusively for high rollers, that is, booking by common people will not be accepted even if they are willing to pay for the room rates. What about the details of that stay? Did the Chief Executive pay for the room rate? If so, how much did he pay and to whom? He has not been able to give an account of the detail. It was reported that the suite was booked by his second son, but everybody knows that his son was just a student at that time. The Chief Executive's Office has not given any account in the reply concerning the staying in the Palazzo suite.

Up to now, there are still many questions unanswered, that is why the Civic Party supports the amendment moved by Ms Cyd HO today which proposes to cut some \$200,000 social engagement expenses in the coming three months. We consider this proposal not only reasonable, but also necessary, and it is the slightest punishment imposed. We proposed to conduct an investigation by

virtue of the Legislative Council (Powers and Privileges) Ordinance (P&P Ordinance), but the motion was negated by the pro-establishment camp. The next move of the Civic Party is to move a vote of no confidence in the Chief Executive. With regards to these cases, we consider that we have every reason to make such a proposal to cut expenses. We consider that cutting some \$200,000 on social engagements for three months is just a minimal response, but unfortunately, only a handful of members have spoken. This reinforces what I have said at the beginning that many people consider the incumbent Chief Executive a figure of the past, and nobody is interested in him. Moreover, Honourable colleagues from the pro-establishment camp have not given any justifications. There is wide press coverage on many of the incidents we have raised, and even the Chief Executive has not denied. There are photos to substantiate the claims, and the Chief Executive himself has admitted many of such claims. Notwithstanding, the Chief Executive still did not admit his wrongdoings, he only said that the public had high expectations, and I did not accept this explanation. As a matter of fact, Members should have noted, and it has also been mentioned in the past, that if any civil servants have such misdeeds, they would not only be reprimanded by his boss, but also subject to disciplinary actions. As for officials under the accountability system, the Code for Principal Officials under the Accountability System also stated that they should not accept entertainment of excessive nature. Taking a private jet or staying overnight on board a luxury yacht is certainly of excessive nature. Moreover, if the character of the person who provides the entertainment will cause embarrassment to the Government or bring the Government into disrepute, such entertainment should not be accepted.

The Chief Executive has not made any explanations regarding these incidents, he only said that he has a set of rules, which are only known to himself, and he has never told others. Even if he has laid down such rules in black and white, and even if such rules do exist, they are still unacceptable. Because the crux of the issue is not simply saving some transportation cost, like paying the economy air fares, but the actual benefits he has got. In accepting the invitation to travel on a private yacht or a private jet, the benefit should be far more than the \$500 or several thousand dollars he paid, and the cost for his private bodyguards has not been included. If the Legislative Council did not make any appropriate response, or if it makes no response at all, we can hardly be accountable to the public.

This is an important and solemn amendment, well supported by many evidences. The Chief Executive had come to the Legislative Council to give an explanation in person and he was almost broken down in tears. Regrettably, the Legislative Council had not made a proper response. In my view, it is very difficult for Members of the pro-establishment camp to be accountable to the public.

When I walked on the street, many people whom I did not know asked me, how come Hong Kong had turned out to be like that? How come the Chief Executive became a person striving to gain petty advantages? I wish to urge Members of the pro-establishment camp that even if they do not support conducting an investigation into the Chief Executive by virtue of the P&P Ordinance, or they do not support a vote of no confidence, they should at least support Ms Cyd HO's amendment of reducing some \$200,000 on social engagement for the next three months. This is the least thing we can do concerning this incident.

For that reason, Chairman, I earnestly urge Members to support Ms Cyd HO's amendment. The Civic Party will support it. Thank you, Chairman.

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

(No Member indicated a wish to speak)

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Chairman, I respond to the Committee stage amendment moved by Ms Cyd HO on behalf of the SAR Government.

Ms Cyd HO proposes to deduct next year's estimated expenditure of \$273,325 of the Chief Executive's Office, the amount equivalent to three months' expenditure on the annual non-accountable entertainment allowance to be received by the Chief Executive, as well as three months' expenditure on the social engagements of the Chief Executive and his wife.

In this connection, I hope Members would understand that the Chief Executive, as head of the HKSAR, needs to grasp the situation of various spectra of Hong Kong at all times and gain an in-depth knowledge of the aspirations of people from all walks of lives, so that the Government can make timely planning

and implement effective policies with a view to meeting the expectations of the people on the governance of the Government. Therefore, the Chief Executive and his wife have, through attending or hosting social activities, been keeping close contacts with different strata of society, including the grassroots, the middle class and people from different sectors, which also include Legislative Council Members, District Council members, Hong Kong deputies to the National People's Congress, and Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference, as well as political bodies, trade and professional bodies, other social organizations and local organizations. As the public have higher aspiration on the governance of the Government, it is very important for the Government to communicate closely and effectively with various strata of society.

Moreover, as Hong Kong is a international financial, trading and shipping hub and the Asian city of major events, the Chief Executive needs to receive overseas political and trade leaders. The provision of a reasonable amount of social and entertainment allowance enables the Chief Executive to receive visitors and extends hospitality in a creditable manner that reflects well on the HKSAR. He has to strengthen the tie between Hong Kong and overseas' countries or regions, and promote Hong Kong's trade opportunity, culture and unique edges.

The expenditure on social engagements of the Chief Executive and his wife enables the Chief Executive and his wife to undertake effectively a wide range of public services as mentioned above. If the amendment is passed, the support to the Chief Executive in undertaking effectively his public engagements will be undermined and it will adversely affect his ability to grasp the pulse of Hong Kong and enhance the international image of Hong Kong.

Chairman, I so submit and urge Members to vote against the amendment.

CHAIRMAN (in Cantonese): Ms Cyd HO, you may now speak again.

MS CYD HO (in Cantonese): Chairman, I move this amendment hoping to stop the Chief Executive from engaging in these meaningless social engagements, so as to avoid the public from doubting that the Chief Executive, though he will step down soon, will get some kind of deferred benefits as he is still making contacts with tycoons. In fact, there is no work at hand that requires him to use the

allowance. Just now I have said that his role is actually fading out; let us take a look, nobody is standing up and defending for him today. Concerning the expenses for social engagements, even pro-establishment Members have not stood up to speak on his behalf for retaining the amount of \$270,000.

Now we have a promising Chief Executive-elect, if there is anything about the direction of future governance of Hong Kong, people will discuss it with LEUNG Chun-ying instead of Donald TSANG. The Liaison Office of the Central People's Government in the Hong Kong SAR has come to the front stage and intervened, everybody can see where the power centre is. I am afraid that the Government in Central will step aside and become a second-class governing team. It only plays a supporting role but not a leading role any more.

As the Government is now a caretaker government, no new policies will be introduced, all it has to do is to finish its remaining tasks. After being drawn into so many scandals, Donald TSANG should ponder over his mistakes in solitude, he should not think of going on private trips.

Lastly, if an official wins the hearts of the public when he is in office, a lot of people will bid him farewell when he leaves his office. If the farewell party is hosted by other people, the expenses should be borne by others. I believe Donald TSANG needs not pay for his own farewell party. If he has to pay for his own farewell party, it would be better not to have any parties at all.

Chairman, as the saying goes, "no sooner has the person gone away than the tea cools down", I believe that "even the person has not gone away, this cup of tea has already cooled down". One knows whether it is cold or warm by oneself. Donald TSANG has been in the Civil Service for several decades, and now he comes to a disgraceful end. I hope this can serve as a warning for other government officials.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Ms Cyd HO be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Dr Samson TAM rose to claim a division.

CHAIRMAN (in Cantonese): Dr Samson TAM has claimed a division. The division bell will ring for five minutes.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Man-kwong, Dr Joseph LEE, Mr CHEUNG Kwok-che and Mr Paul TSE voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou and Dr Samson TAM voted against the amendment.

Mr Paul CHAN abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr James TO, Mr LEUNG Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan

LEONG, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin and Mrs Regina IP voted against the amendment.

THE CHAIRMAN, Mr Jasper TSANG, did not cast any vote

THE CHAIRMAN announced that among the Members returned by functional constituencies, 22 were present, four were in favour of the amendment, 17 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 12 were in favour of the amendment and nine against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the sum for head 21 stand part of the Schedule

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Head 22.

MISS TANYA CHAN (in Cantonese): Chairman, I move that head 22 be reduced by \$650,000 in respect of subhead 000, to reduce by half the estimated expenditure of the Agriculture, Fisheries and Conservation Department (AFCD) in the euthanasia of animals in the financial year 2012-2013.

The Civic Party's position on safeguarding the reasonable rights and interests of animals has been quite clear throughout the years. In our view, even the reasonable rights to life of abandoned animals should be safeguarded. We cannot deprive the rights of animals to wait for adoption by conscientious persons, and force their euthanasia for administrative convenience. Therefore, the Civic Party has always advocated that the Government must improve its animal policy and regulate the breeding and sale of animals, as well as held irresponsible animal breeders and keepers liable.

The Civic Party thinks that the Government's "Trap-Neuter-Return" policy will help strike a balance between safeguarding animals' right to survival and minimizing the disturbance that stray animals caused to the public. However, due to the delays in implementing the policy in the community, the Civic Party considers that the Government can more proactively promote the policy and implement other policies that help safeguard animal rights and interests. Since the Government has been slackening in the relevant work, the Civic Party considers that not so much resources should be allocated, so that the Government cannot arbitrarily euthanize animals. Thus, the Civic Party has proposed a Committee stage amendment (CSA) to reduce by half the estimated expenditure in this area in the financial year 2012-2013, so as to convey a clear message to the Government.

If the Government still adopts an indolent attitude in implementing an animal-friendly policy and if it still adopts euthanasia as the most important means to solve the problem of stray animals, the Civic Party does not rule out the possibility that, during the deliberations on the 2013-2014 Budget, we will

propose a total reduction of the estimated expenditure involved in euthanasia of stray animals. In this connection, the Civic Party has three requests. If the Government can proactively respond to these requests, the number of animals to be euthanized will certainly be reduced and government expenditures can also be reduced accordingly.

Chairman, the first request of the Civic Party is that the Government must officially launch and implement the "Trap-Neuter-Return" Pilot Scheme in the financial year 2012-2013. When the Government conducted a public consultation on the Trap, Neuter, Vaccinate and Return (TNVR) programme in 2007, nine of the 18 District Councils supported the programme. However, the Government had been procrastinating and it finally decided in 2011 to implement the TNVR programme in three of these nine districts. In light of the upcoming District Council election, the Government indicated that it was under pressure and it would conduct another public consultation this year. We are really worried that, now that funding has been approved, if the District Councils in the new term vote down the TNVR programme, the Government will have an excuse to completely disregard the work done in the past and start all over again. This will waste the efforts made by non-governmental animal protection groups over the years in respect of research and fight for the implementation of the programme, and consequently many animals will be sacrificed. Thus, the Civic Party urges the Government to implement this programme in the coming year.

The second request of the Civic Party is that the Government must take practical measures to promote the adoption of abandoned animals by the public. At present, there is no convenient channel for people to adopt stray animals trapped by the AFCD or animals handed over by people to the AFCD. The Civic Party requests the Government to establish at least one animal adoption centre in 2012-2013 on a trial basis, so that people can directly select pets they like from the centre and bring them home. The Government should also vigorously carry out publicity so that the number of adopted animals would increase significantly.

The establishment of an animal adoption centre for direct services to the public can increase the opportunity for animals being adopted, and can save them from being euthanized. This measure will also reduce the chance of unscrupulous animal traders cruelly trapping the animals in tiny cages and making them give birth continuously for profits. People who want to keep pets will also

be benefited. During the adoption process, the Government can directly educate keepers on taking care of cats and dogs, with a view to minimizing the chances of their abandoning animals again in the future. Actually, many voluntary organizations have been organizing such activities and we hope the Government can take the initiative to establish an animal adoption centre.

Besides establishing an animal adoption centre, the Government should utilize resources to enhance public education and publicity. Apart from the familiar slogan of "stop and think before bringing a pet home", which encourages people to make prudent decisions on pet keeping, we should also provide people with animal adoption information through various publicity channels and streamline the procedures to encourage the adoption of animals by the public.

The third request of the Civic Party is that the Government must take actions in 2012-2013 to honour the two promises it had previously made: first, all trading (individual or commercial trading) of dogs must be licensed and subject to government regulation. Consultation must be conducted on the legislative proposals to be tabled in the first session of the next Legislative Council; second, it should increase the penalty for illegal animal trading from the present \$2,000 to \$100,000, so as to fully regulate the activities of animal breeding for trading as soon as possible.

At present, some people breed animals for sale for commercial reasons. As I have just mentioned, some unscrupulous animal traders cruelly trap animals in tiny cages and make them give birth continuously for profits. These unscrupulous traders can avoid regulation because they are classified as "hobby breeders" under the existing legislation. Putting the activities of animal breeding for trading under regulation can stop these unscrupulous traders, and the Government can more effectively grasp the situation of pet keeping in Hong Kong, so as to formulate more satisfactory policies. This can also safeguard consumers, as they can be ensured that the animals they buy comply with the requirements, and the rights and interests of animals are safeguarded.

Furthermore, the Civic Party thinks that the current penalty for illegal trading of animals lacks deterrent effect. We must bear in mind that the income from the trading of a dog amounts to a few thousand dollars and even tens of thousands of dollars. Traders engaging in illegal trading of animals may only

need to sell three dogs and their profits are enough to pay for the penalty. As a result, the penalty will only become part of the costs of traders engaging in illegal trading of animals. The Civic Party proposes that the Government should increase the penalty to \$100,000 to achieve greater deterrent effect. We hope that the Government would start the work expeditiously.

Let me reiterate once again, if the Government fails to proactively respond to the three requests of the Civic Party, we cannot support the provision of resources to the Government on a continuous basis for arbitrary euthanasia of abandoned animals. There is definitely a lot more the Government can do in respect of animal friendly policy. For example, it can give stronger support to non-profit-making organizations which adopt abandoned animals and step up publicity on animal sterilization. We hope the Government would respond to the demands of the community to build a better living environment for animals, so that the public can enjoy the fun of keeping animals.

With these remarks, I propose the motion. Thank you, Chairman.

Miss Tanya CHAN moved the following motion:

"RESOLVED that head 22 be reduced by \$650,000 in respect of subhead 000."

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

MR CHAN HAK-KAN (in Cantonese): Chairman, Members may recall that I have spoken many times on animal rights and interests in this Council, and I had proposed a debate on formulating an animal-friendly policy, during which I had emphasized the right to survival of animals. At the same meeting last year, I stressed that, apart from the unpopular euthanasia policy, there are two better ways to handle the issue of stray animals; one is adoption and the other is the "Trap-Neuter-Return" (TNR) Programme that we are now discussing.

Frankly speaking, Chairman, since our discussion last year on how the problem of stray animal should be dealt with, I have not noticed any new practice or new mindset of the Government in handling stray animals. When the

Secretary responded to Members' aspirations last year, he said that the way in which stray animals was handled in Hong Kong was consistent with the mainstream practice in the international community. In other words, the Government considered the current practice in handling stray animals acceptable and improvement was not necessary. But, with the passage of time and social advancement, many members of the community and animal care groups think that the Government should think a little more about how to handle stray animals and do a better job.

As a world-class city in Asia, Hong Kong can theoretically play a leading role in municipal administration. We should try to adopt good practices and should not refrain from doing so just because other places have not adopted such practices or they have not done a good job. So, in handling stray animals, I hope the Government would not just modeled on the backward practices of other places, we must take the initiative to put forward new ideas. By new mindset, I do not just mean the policy on handling stray animals, I also mean new ideas related to other public policies.

Chairman, I am aware that there are lots of criticisms on the work of the Agriculture, Fisheries and Conservation Department (AFCD), but I must make some fair comments. In the past year, the AFCD has made positive efforts. It has accepted some proposals put forward by me, the DAB and many animal interest groups, which include the allocation of an additional \$1 million to animal welfare organizations for publicity work on the prevention of cruelty to animals; providing additional manpower and resources to Animal Management Centres; taking the initiative to make legislative amendments to improve pet trading; and enhancing communication with animal interest groups. However, the AFCD has not made specific efforts in respect of euthanasia, and I have not noticed any concrete progress in this regard.

Chairman, on stray animals, we will inevitably become emotional when we talk about animals and it is hard for us to make judgments based on rational thinking. If our colleagues keep pets at home, be they cats, dogs or fishes, they will feel strongly when their cats or dogs are going to die; they feel as if their family members are going to pass away. We should rationally discuss the related policy but we will inevitably become emotional and it will be difficult for us to strike a balance between rational and emotional arguments.

Chairman, I am now going to talk about how a balance can be struck and the criteria for a balance. There are two views on this issue: first, euthanasia is inhumane and overlooks the right to survival of animals, and it is actually massacre in beautiful packaging. After all these years, many people have doubted whether euthanasia is a means to reduce the number of stray animals, and it is considered that methods other than euthanasia should be adopted for handling stray animals.

There is another view that euthanasia is essential to municipal management. If we leave these stray animals on the streets, they may bring about health and nuisance problems. For injured and sick animals, if they cannot be treated, euthanasia is the only way to reduce their pain. The Secretary also concurs that it is necessary for euthanasia to be maintained.

Concerning these two points of views, I believe they have been fully expounded in our discussions in this Council today and in the past, and Members have put forward certain arguments and justifications in support of these contradictory and conflicting views. To be honest, I believe that these views have their justifications. As Members, we should be more open-minded and we should not just focus on these two conflicting views. As I have said at the very beginning, I wonder if we can solve the present issue of stray animal by the third means rather than resorting to euthanasia.

It has been a year since this Council last discussed how to implement a new TNR Programme at a meeting held a year ago, but no specific progress has been made, and even a pilot scheme has not been implemented. A year has passed and we can say that it is difficult to do something for stray animals given a lack of support in all areas. I know that some groups in the community have, at their own expenses, captured stray animals in the mountain areas every day, sterilized these animals and released them back to the mountains. The results are very impressive. There are also organizations which implement privately the TNR Programme on stray animals at the Lion Rock, and they have attained favourable results. District Councils have listened to their views and quite a number of Members agree that the Programme has desirable results.

In dealing with the issue of stray animals today, I think the Government should have some new ideas. Perhaps we should no longer have to make rather difficult choices between emotional and rational conflicts. If we want to reduce

the number of euthanasia in handling stray animals, will there be health and nuisance problems? How would Members handle the complaints they may receive. On the contrary, if we keep on euthanizing animals, when will such kind of slaughter terminate? Is the use of taxpayers' money to euthanize animals in line with the wishes of the taxpayers themselves?

To be honest, I have been pondering over these issues in the past year or for even a longer period of time, and many people have raised their views to me. Chairman, honestly, I cannot think of a very good solution. Nevertheless, I believe government officials and Members often need to make difficult decisions. It is no exception today and I really hope that the Government can make some changes in handling stray animals and it can introduce new measures to respond to the aspirations of animal groups and animal keepers. As I have just said, for some time in the past, the Government's work in this area have been very disappointing, and I do not see the Government having any sincerity to make changes.

Hence, it is time for us to think seriously how we can solve the conflicts policy-wise and how we can effectively initiate the relevant study and discussion. It is time for us to reduce the expenditures on euthanasia of animals in an orderly manner. Chairman, I absolutely disagree that we should reduce the expenditures for the sake of reduction. If reducing some expenditure on euthanasia of animals today can force the Government to use their brains more, make more attempts, come up with more new ideas, and formulate more new policies, I personally think this is conducive for the Government and the public. In the days to come, I hope that the Government would make more contributions in connection with animal-friendly policies.

Finally, I would like to quote the speech of a Danish philosopher. He stated that "habit is the biggest enemy of love, and it is very sad if we lose the feeling of love because it has become a habit". Chairman, I am not seeking a radical change but I would like to break the usual practice, so that we would care for animals again.

Thank you, Chairman.

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

MR ALAN LEONG (in Cantonese): Chairman, as Miss Tanya CHAN has clearly stated the position of the Civic Party, I do not intend to make a lengthy speech. However, Chairman, I would like to say that — when this Council previously debated the same issue, the following remark has also been mentioned — the greatness of a nation and its moral progress can be judged by the way its animals are treated. This is a famous saying by Mahatma GANDHI of India.

Chairman, when the Civic Party initially intended to propose this amendment, the Director of Agriculture, Fisheries and Conservation (DAFC) gave me a call and he told me that, after Mr Fred LI from the Democratic Party moved a motion last year to deduct the total \$1.35 million funding, the Agriculture, Fisheries and Conservation Department (AFCD) had made a great progress. First, the AFCD has drafted a bill on the regulation of animal traders and animal breeders who breed animals for sale as Miss Tanya CHAN has just mentioned. Second, the AFCD has selected three districts and proactively lobbied the District Council members in these districts, hoping that they would support the Trap, Neuter, Vaccinate and Return (TNVR) policy.

Chairman, as compared with the years between 2007 and 2011, the AFCD has undeniably made greater efforts, probably because non-governmental animal concern groups have considered the backward animal-friendly policies in Hong Kong intolerable. The frequent demonstrations and propaganda by these groups may also put certain pressure on the AFCD. It is not surprising that some efforts have been made in light of greater public concern and heavier pressure on the Government. As Mr CHAN Hak-kan has just said, and I fully agree with him, the work has been extremely insufficient and even if greater efforts are made, it is still insufficient. When can animal-related legislation in Hong Kong be released from the provisions that were stipulated almost 200 years ago? Only in this way will the new provisions be in line with the values of our society today, and tally with the practices of countries with high moral standards, as Mahatma GANDHI of India had said. There is still a lot of work to be undertaken in this connection.

Chairman, regarding the TNVR policy I have just mentioned, I would like to draw your attention that it had been five years since the first consultation was

conducted in 2007. A new-term District Councils have been established but we still have not made any significant progress. The number of cats and dogs euthanized last year was 8 983, the number of cats and dogs adopted was 1 102. Given that around nine cat or dogs are euthanized before one is adopted, does that fit in with the saying that "one survives but nine dead (meaning a narrow escape)"?(*Laughter*) Nevertheless, the AFCD still insists on not establishing direct adoption centres. I have also heard of the reasons given by the DAFC, such as family background checks. The AFCD cannot be responsible for conducting such checks; only voluntary organizations can check the family backgrounds of people who intend to adopt animals, so as to ascertain their suitability to adopt cats and dogs. This sounds reasonable but on second thoughts, the reasons are not adequate or sufficient. Why is it necessary for the Government to check the family details?

Chairman, the Civic Party once visited dog kennels of the AFCD, and we asked why they could not arrange for adoption on their own accord. The staff replied that they had to ascertain if the adopters' homes were suitable for keeping cats and dogs, or they had to find out if the keeping of cats and dogs were allowed under the Deeds of Mutual Covenant of the buildings where the adopters lived. Chairman, these are minor issues as compared to the killing of cats and dogs. We are not asking the AFCD to open dog kennels to the public around the clock for people to select the animals they like to adopt. We just ask the AFCD to make adoption easier for the public; it only has to employ one to two more staff members and allocate a place for reception purpose. We believe the AFCD definitely has the ability to do more in the coming year to increase the number of animals adopted.

Chairman may have noticed that the amendment proposed by us this year is different from the one moved by Mr Fred LI last year. This year, the Civic Party only wants to reduce by half the estimated expenditure in the euthanasia of animals under this head of expenditure. It is not true that we have not considered the sincerity of the DAFC. The AFCD has made efforts but we think the efforts are inadequate; thus we consider it appropriate to reduce the amount by half. Do not kill so many animals, we do not want the situation of "one survives but nine dead"; we hope that the ratio can be reduced to "five survives and five dead" and so on. That is why we have proposed a 50% reduction. This reflects that we are aware of the work done by the DAFC and we hope to clarify this point with the DAFC.

Chairman, Miss Tanya CHAN has mentioned the three requests of the Civic Party. Such requests are related to the work that we think should be undertaken by the AFCD in the coming year, which include implementing the TNVR programme, establishing at least one animal adoption centre on a pilot basis, increasing the number of adoption, and honouring the AFCD's promise to conduct the consultation on the legislative regulation of dogs trading, and increasing the penalty for illegal animal trading.

Chairman, the animal-friendly policy in Hong Kong is lagging far behind. These are the most basic requests, and are supported in the statements made by many animal-friendly groups. I thank these groups for their efforts. The Civic Party will continue to co-operate with these groups in fighting for the implementation of policies related to animal interests and animal-friendly policies. We will continue with our efforts in monitoring the Government, so that it can do a better job. I hope that Hong Kong will become a great city with a very high moral standard, so that people around the world can make a favourable judgment on us based on the way we treat animals.

I so submit.

MR JAMES TO (in Cantonese): Chairman, last year Mr Fred LI proposed, on behalf of the Democratic Party, the reduction of \$1.3 million in the expenditures of the Agriculture, Fisheries and Conservation Department (AFCD) on euthanasia of animals. Apart from moral appeals, he hoped to urge the public to treat animals kindly and force the Government to do a better job in respect of the "Trap-Neuter-Return" (TNR) Programme through proposing a reduction of the expenditures.

I do not expect that the amendment concerning the reduction in expenditure can be passed, but I believe the meaning of this proposal lies in promoting actions to safeguard animal rights and interests.

The work of the AFCD in animal protection in the past year may not be supported by all; however, the AFCD officials have taken some actions. While they may have done too little or worked too slowly, there is after all a good start and a breakthrough.

Next month, the Government will submit to the Legislative Council Panel on Food Safety and Environmental Hygiene a document on the further regulation of the pet sector, with a view to solving the animal abandonment problem from the source.

According to my understanding, the AFCD proposes to specify that all persons engaging in dogs trading must be licensed, no matter whether they are trading in shops or online. The implementation of this programme will formally put the so-called hobby breeders under regulation. Under the preliminary plan, it is proposed that anyone who keeps up to four female dogs will be regarded as engaging in individual operation; and anyone who keeps five or more female dogs will be regarded as engaging in business operation. Most importantly, both individual and business operations must be licensed and subject to government regulation.

Since the community has become widely concerned about animal issues years ago, the regulation of hobby breeders has been an issue widely discussed. A few years ago when the Government dealt with the additional conditions to be imposed on animal trader licence, it is proposed in this Council that the relevant regulation would be introduced, and animal right groups had been waiting for this legislation. At that time, the Democratic Party was the first political party to express concern for this issue. At a public forum held in late June 2009 participated by animals groups, such as Animal Earth and Cat and Dog Friends, proposals on how to regulate hobby breeders were raised. Unfortunately, no regulation had been introduced and the finalized additional conditions of sale only regulate commercial trading. The Government is re-introducing this proposal today, though a few years late, some progress has been made after all.

As its name implies, hobby breeders are not professional breeders. They breed dogs in home premises in the mode of a handicraft industry, and then put up the newborn cats and dogs for sale. Some have boldly put up animals for sale on the Internet while some have euphemistically referred to the trading as adoption and only asked for a red packet. Yet, the red packets can contain thousands and even tens of thousands of dollars. Breeding dogs this way will create health issues in the home environment, and whether the cats and dogs can live in a satisfactory environment is also a big problem. Furthermore, as these breeders do not have professional breeding knowledge, the animals they bred will only be marketable if they look appealing while the fate of animals that do not

look appealing will be at risk. Numerous animals are abandoned and many animals are sent to the AFCD, waiting to die. Even after the animals have been sold, if the owners do not know how to keep them and are not caring, these animals will eventually be abandoned on the street. Therefore, I fully agree that the Government should control such behaviours and control animal trading from the source, so as to specifically reduce the number of stray animals in communities. The current programme is only related to dogs but I hope the Government would expeditiously extend the programme to cover cats and even other animals frequently sold as pets.

The TNR Programme is formulated for solving the problem of stray animals. The Government has taken great pains to suggest implementing the programme on a trial basis in Lower Pak Nai in Yuen Long, the Lamma Island and Sai Kung. It is learnt that consultation has been conducted in these areas in recent months. In the first two areas, there are greater supports from local residents but in the last area, the proposal is not well-received. Yet, the three District Councils concerned will determine the fate of the programme in May. Just like many animal groups, I also hope that the programme can be implemented. The animal groups show great enthusiasm in discussing the implementation details with the Government and proposing feasible solutions. If the District Councils concerned really turn down the programme, the implementation of the pilot scheme, which has already been postponed for a few years, will have to put off once again. The Government has to identify other areas to implement the pilot scheme. Thus, the programme may not be implemented this year. Hence, I really hope that people from different parties and groupings can ask their members in the districts to support the programme instead of saying one thing in this Council and doing another thing in the District Councils.

I so submit. Members from the Democratic Party such as Mr Fred LI and I support Miss Tanya CHAN's amendment on reducing the expenditures.

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

(No Member indicated a wish to speak)

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Chairman, Miss Tanya CHAN moves an amendment to the Appropriation Bill 2012 that the estimated expenditures of the Agriculture, Fisheries and Conservation Department (AFCD) under head 22 be reduced by \$650,000, that is, to reduce by half the funding for the euthanasia of animals received by the Animal Management Centres (AMCs). The Government opposes this amendment.

Just like Members and the public, the Government does not want to see too many stray animals being euthanized. After all, the source of this problem is that owners have not considered carefully before keeping a pet; and they eventually fail to take proper care of their pets for various reasons. Thus, these displaced pets have become stray animals which suffer the pain of hunger and disease.

In each of the past three years, the AFCD has received around 20 000 complaint cases about stray animals, which reflected that stray animals have caused nuisance to many people. A more important point is that, as compared with ordinary animals, stray animals are more likely to suffer from zoonotic diseases such as rabies, parasitic or other bacterial infections, which will pose a threat to public health. For instance, rabies is a zoonotic caused by the rabies virus. It is a infections disease that affects the central nervous system. Some 55 000 people in various parts of the world died of this disease each year. Some of our neighbouring places including the Mainland and quite a few Southeast Asian countries are rabies infected areas. Hong Kong is one of the few non-infected areas in the world, and there has not been any new case over the past 20 years or so. Since rabies is the only acute infectious disease that is most probably fatal, we must not be lax. The Government has a responsibility to reduce the number of stray animals in order to protect public health.

The experience of foreign countries tells us that it is easy for infectious diseases or zoonotic diseases to be transmitted among stray animals. The greater the number of stray animals, the greater the chance of cross infection among human beings and their pets. If this amendment is passed by Members, the euthanasia of some stray, abandoned or sick animals by the AFCD will be restricted. As Hong Kong is a densely populated city, the failure to control the number of stray animals will increase the health risks of the public and the animals, and there will also be a serious threat to public health.

Some suggested that animals should always be kept in cages but I wonder if this is the best arrangement for animals. The AFCD currently has four Animal Management Centres (AMCs) but AMCs cannot endlessly receive animals or keep animals for a long time. Even if we set up additional AMCs, they cannot meet the demands or provide long-term solution to the problem as AMCs will soon be filled with animals. More importantly, quite a number of animals they received are injured or aged, or suffering from various diseases. If the amendment is passed, the Government may not continue to protect animals according to the consistent international practice and euthanize these animals so that they will no longer have to suffer or be in pain. Once the funding is reduced, in order to reduce euthanasia cases, the AFCD may refuse to receive animals abandoned by the public or reduce the trapping of stray animals, which does not meet public expectations. At present, the AFCD receives approximately 2 500 animals from pet owners, and most of these animals are aged, injured or sick cats and dogs. As the owners do not want these animals to suffer, they can ask the AFCD to properly handle these animals, so that they can leave this world in a dignified manner. Reducing the relevant resources may increase the pain of these animals.

Moreover, animals (especially dogs) need suitable exercises and social activities. When healthy animals are always kept in cages rather than euthanized, there will be adverse physiological and psychological effects on them. So, the amendment cannot solve the problem and will conversely have adverse effects in various aspects, such as public health, public hygiene, animal diseases and animal welfare.

What is the international practice? The practice in Hong Kong in handling stray and abandoned animals is consistent with the mainstream practice in the international community. A widely used method in major cities around the world is to euthanize animals that are not claimed or adopted. In 2007, the World Society for the Protection of Animals and the International Department of the Royal Society for the Prevention of Cruelty to Animals published a report on the methods adopted by some 30 European countries to control stray cats and dogs. As stated in the report, most European countries euthanize stray animals. On humanitarian grounds, the euthanasia of sick and injured animals has the support of animal welfare organizations in the international community. The number of euthanized animals in Hong Kong on a per capita basis is much smaller than that in any advanced places in the world. For every 1 000 people,

12.5 animals are euthanized in the United States on average, 10 animals in Australia and 2.3 animals in Hong Kong. We do not have the number in India.

Looking back, in the past few years, there were some 14 000 cases of animal euthanasia in 2008, and the number was reduced to 8 900 last year. Even so, the AFCD still continues to find ways to reduce the euthanasia of animals. One important method is to proactively encourage animal adoption by the public. The AFCD has enhanced co-operation with 13 animal welfare organizations to arrange for animal adoption services. For example, all animals adopted through these organizations are provided with free outsourced sterilization services. With the efforts made by the AFCD and the animal welfare organizations, the number of adopted animals has increased from 709 in 2007 to 1 144 in 2011. The AFCD will continue to make efforts in this area.

We have also accepted the views of a number of Legislative Council Members and animal welfare organizations, and we are making preparations for the implementation of the "Trap-Neuter-Return" (TNR) pilot programme on stray dogs. The success of this programme depends mainly on community support. In areas where there is community support, we will allow sterilized stray dogs to be returned to public places without being controlled by dog owners. We have identified three sites, including Lau Fau Shan, Ho Chung in Sai Kung and the Lamma Island, and we are making joint efforts with the animal welfare organizations in consulting the residents in these areas. We will later consult the Legislative Council Panel and District Councils concerned.

In addition, the highest penalty under the Prevention of Cruelty to Animals Ordinance was increased to a fine of \$200,000 and imprisonment for three years in 2006. The Government has subsequently continued to take measures to enhance the protection of animal welfare. Following the tightening of the additional conditions of the animal trader licence in early 2010, we are planning to enhance the regulation of pet trading, so as to further safeguard public health and animal welfare. We will submit this proposal to the Legislative Council Panel concerned for discussion next month.

To further step up the co-operation with animal welfare organizations, the AFCD has allocated an additional \$1 million to subsidize these organizations in handling work concerning animal welfare and management.

In addition, to facilitate enhanced co-operation between the departments and organizations concerned in handling animal cruelty cases, the AFCD, the Hong Kong Police Force, the Food and Environmental Hygiene Department and the Society for the Prevention of Cruelty to Animals have established an inter-departmental special working group to review the handling of animal cruelty cases. The focus of work includes discussing how to strengthen mutual support among departments; formulating guidelines for improving efficiency and establishing a mechanism under which professional departments and animal welfare organizations can provide expert advice on individual cases, hence facilitating a comprehensive investigation of the cases.

Chairman, I have just talked about comprehensive animal management by the Government. As I have just said, just like Members, we do not want to see animals being abandoned and suffer, and eventually they have to be euthanized. Pinpointing the source of the problem, we are dedicated to reducing additional stray animals. Yet, we still need to handle the abandoned stray animals which have not been adopted. I wish to emphasize that euthanasia is a humane animal management method approved by professional veterinary surgeons, and our current practice is consistent with that in advanced countries. If Miss Tanya CHAN's amendment is passed, the problem of stray animals will become more serious, which will affect public health and increase the nuisance caused to the public. With these remarks, Chairman, I implore Members to support the Government and oppose this amendment.

Thank you, Chairman.

CHAIRMAN (in Cantonese): Miss Tanya CHAN, do you wish to speak again?

MISS TANYA CHAN (in Cantonese): Chairman, first of all, I would like to thank the Honourable colleagues who have just spoken. In his response just now, the Secretary has touched upon some policies that we already know, as well as some measures that may be implemented in the future. However, we move this amendment mainly because we want the Government to meet our three requests without delay. It seems that these requests are not beyond the capacity of the authorities and we hope the Government would share our concerns and improve the defects of the existing policy at the appropriate time. I would also

like to take this opportunity to thank many animal rights groups which have been working very hard in fighting for the Government's and Members' concerns about animal rights.

I believe animal rights and interests are not solely about emotional relationship and they also involve rational analysis. There are views that the way in which our friends — pets or animals — are treated in a civilized society precisely shows the quality of its people and national cultivation.

The Secretary has just said that we have followed closely the practices of advanced countries or cities. I hope the Government can expeditiously implement measures to improve the policies that are lagging behind. I believe the public will welcome this initiative. We understand that it is not easy to implement some measures at the district level. Nevertheless, the Secretary has just said that the Government has already selected three districts for the implementation of the programme. In the course of implementation of the programme, the Government may hear different views from people in these districts. The current-term government or the next-term government can fully explain to the public through public engagement so long as it is committed to implementing the programme. Given time, I trust that even people who initially had doubts would agree that the programme is reasonable and rational, and can effectively deal with abandoned pets.

We also believe in the power of education and we think that the Government should vigorously promote education. Although the Secretary has allocated an additional \$1 million to subsidize different organizations, after the implementation of the educational activity of "think carefully before keeping pets", I hope the Government would launch a new round of publicity to make people treasure the lives of animals more. Trees and animals are actually the resources that we should treasure.

I have just heard Mr James TO say that members of the Democratic Party would support my amendment and I have also heard the views just expressed by Mr CHAN Hak-kan. Whether or not the amendment will be passed would eventually depend on how Honourable colleagues are going to vote.

I so submit. Thank you, Chairman.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Miss Tanya CHAN be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Miss Tanya CHAN rose to claim a division.

CHAIRMAN (in Cantonese): Miss Tanya CHAN has claimed a division. The division bell will ring for five minutes.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Man-kwong and Mr CHEUNG Kwok-che voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Mr WONG Yung-kan, Mr LAU Wong-fat, Mr Timothy FOK, Mr Abraham SHEK, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou and Mr Paul TSE voted against the amendment.

Ms LI Fung-ying abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr KAM Nai-wai, Ms Cyd HO, Mr CHAN Hak-kan, Mr WONG Sing-chi, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Dr Priscilla LEUNG and Mr WONG Kwok-kin voted against the amendment.

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

THE CHAIRMAN announced that among the Members returned by functional constituencies, 18 were present, two were in favour of the amendment, 15 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 18 were in favour of the amendment and eight against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the sum for head 22 stand part of the Schedule.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Head 122.

MR JAMES TO (in Cantonese): Chairman, I move that head 122 be reduced by \$64,740,000 in respect of subhead 000, which is equivalent to the annual expenditure of the Complaints Against Police Office (CAPO) of the Hong Kong Police Force (HKPF).

Chairman, as a matter of fact, the practice of investigation by peers does not have any credibility in principle, and that is why many members of the public have no trust in the existing system. One of the reasons why the Government disapproves this proposal of mine is that police officers, in particular police officers at junior level, are against the establishment of an independent CAPO. Upon learning the HKPF's objection, members of the public are even more concerned.

Chairman, in principle as well on practical grounds, the CAPO fails to win the trust from members of the public. To begin with, the work of the HKPF or other disciplinary forces does involve a certain extent of risk, and there are situations where the life and death of fellow colleagues are tied together. As such, police officers tend to have greater tolerance, sympathy and understanding for each other. Hence, during the investigation process, unless the matters involved are so serious that even they themselves find such matters totally unacceptable, the understanding and sympathy they show for their colleagues may cause the complainants to lose trust in them.

The second practical factor is that even though under the existing system, the personnel conducting the investigation should at least be one rank higher than the one under investigation (for example, the statement of a constable should be

taken by a sergeant or officers of an even higher rank), in reality, as this is indeed a small world, after a certain period of time or even very shortly, the investigator and the one under investigation may be deployed to the same region or office to work in collaboration. What is more, if the one under investigation gets promoted while the investigation is still in progress, his or her rank may be higher than the colleagues responsible for conducting the investigation or taking the statement. In that case, how can members of the public be convinced?

The third point is, as many members of the public can tell Members, lodging a complaint against corruption practices at the Independent Commission Against Corruption (ICAC) and lodging a complaint at the CAPO are two different stories. At the ICAC, the staff members earnestly expect you to provide them with information, so that they can stop the corruption practices of some public officers or private enterprises, and bring the parties concerned to justice. At the CAPO, however, the interview will not be immediately recorded. In many cases, the complainants will be asked whether they really wish to lodge a complaint, how specific the complaints are, whether or not they need to think carefully again, whether there is any chance of injustice to the person being complained against or whether any misunderstanding is involved. In short, there are loads of reasons that cause the complainant to wonder whether the CAPO really welcomes him to lodge a complaint.

There is another even more practical reason. As the CAPO is not independent of the HKPF, the following words may be said to the complainant when taking the statement: "You have to think very carefully you really wish to give any statement. If you wish to give a statement, since there is only one single HKPF, if you are involved in any cases, we have the responsibility to pass your statement to the team responsible for investigating the case you are involved in." The legal practitioner may, after carefully analysing the case, advise the complainant concerned that if he is involved in other cases and if the complaint lodged is related to some police officers planting evidence, beating someone up or taking statement in an unfair manner, the statement will immediately be passed to the team responsible for investigating the case the complainant is involved in. In that case, a problem may arise on the legal front, as part of the complainant's statement of defence will be passed to the HKPF or the prosecutor. If a CAPO independent of the HKPF is in place, such situation will never arise. Let me take the ICAC as an example. As the ICAC and the HKPF are two separate institutions, if a complaint case involving police officers planting evidence or

abusing their power falls within the ICAC's scope of investigation, the statement taken at the ICAC will not be passed immediately to the team of police officers responsible for investigating the case the complainant is involved in.

Chairman, I think nobody is more qualified than Mr Ronny WONG, Senior Counsel, who had been appointed by the Government as Chairman of the Independent Police Complaints Council (the former IPCC) for six years, to make a conclusion about the police complaints system when this Council was scrutinizing the Independent Police Complaints Council Bill.

Chairman, Senior Counsel Ronny WONG had been appointed by the Government as Chairman of the former IPCC for six years, and his observation was very straight-forward. He considered that spirit of the police complaints system was to sweep all complaints under the carpet as far as possible, and to test whether colleagues in the IPCC could be so competent and lucky that they could, with blunders and failures, identify one case among thousands of cases that could convince the CAPO and substantiate the complaint concerned.

I believe everybody is shocked by the conclusion made by the former Chairman of the former IPCC, Senior Counsel Ronny WONG. More importantly, whether the existing system is credible is obvious to all. The above conclusion is made by a high-ranking legal practitioner who had worked diligently on the front line, monitoring the complaints against police officers for six years. He made such a conclusion after he had read the relevant files in great detail. As such, the existing system really does not have any credibility at all.

The Government has pointed out that the statutory Independent Police Complaints Council (IPCC) is now in place. Regrettably, the IPCC is still a "three nos" institution. It has no power to conduct investigation, no power to pass a verdict and no power to impose a sanction. Speaking of investigation power, certainly the IPCC has no power to conduct first level investigation, but how about the second level investigation if it is not happy with the result? If someone has lodged a complaint with the CAPO and the IPCC is not happy with the report, can it conduct its own investigation? The answer is in the negative. The IPCC only has the right to meet with some of the witnesses. What is more, the HKPF has not promised to exercise the power of the Commissioner of Police to impose disciplinary actions on his subordinates; or to order any police officers being complained against to meet with members of the IPCC.

As the IPCC does not have the power to pass a verdict, some cases cannot be concluded after a prolonged period of time. If the CAPO considers that a complaint case cannot be substantiated while the IPCC thinks otherwise, what would happen if the former says A while the latter says B? In the end, like what Ronny WONG had said, the IPCC has to make painstaking efforts, trying by all means to search for valid cases among numerous cases, and eventually for some cases, there may be fine-tunings in its conclusion. For some cases that could not be established at all in the beginning, some parts can now be established, or a completely different conclusion has been drawn.

As the IPCC does not have power to take disciplinary actions, despite the great efforts made in substantiating a complaint, the power to take disciplinary action is still solely in the hands of the Commissioner of Police. No wonder more and more members of the public no longer lodge complaints with the CAPO. Instead, they will apply for legal aid, and if they can get legal aid, they will sue the Commissioner of Police. There are increasing numbers of civil cases involving the suing of police officers for abuse of power. The method adopted by the HKPF to handle such cases is very simple. Each year, a certain amount of funding is earmarked for handling such cases. If the amount of compensation involved is not too large, a settlement will be made by paying the complainants with "hush money". In this way, the cases concerned will become confidential cases and can be swept under the carpet. This is the way they settle many issues which in fact are related to abuse of police power.

Chairman, what else can we do? Apart from making the CAPO independent of the HKPF, are there any other things we can do? If someone asks me this question, I would say that it is futile to do so. But some colleagues may say, "I will not vote in support of your proposed amendment, but if there are other options that are feasible, perhaps we may talk with the HKPF or the Government. As we belong to the pro-government camp, it is easier for us to negotiate with the Government. The Government will not accept any ideas brought up by you, but since we also find the existing system inadequate, let us voice some views."

One option I can think of is to provide the persons who complain against police officers with legal aid and lawyers. Certainly, just like applying for legal aid for civil cases, the persons concerned have to undergo some vetting procedure. However, I am not talking about civil cases seeking compensation.

My idea is to provide them with legal aid, so that lawyers can collate the details in connection with their complaints against police officers, such as the subject of complaint, sequence of events and relevant materials collected. We all know that the so-called first statement is very important. If the aggrieved party fails to present a good first statement, the conditions may be unfavourable to him.

The second point is, as I have mentioned before, if the IPCC only employs civilian staff or executive officers to conduct investigations, even though they may be very experienced, they may not be professionally competent to investigate cases involving covering up or abuse of power. Can they identify clues and loopholes easily? Chairman, that is why I have been advocating all these years that upon the establishment of the IPCC, it is vital to employ more legal professionals who are well-versed in handling criminal cases and who have to conduct cross examination in courts in connection with conviction statements or cases of confessions made under torture. One good choice is the well-experienced barristers specialized in criminal cases. They are highly observant and of high perspicacity, who can tell the whole story through observation of the part. Other choices include retired personnel of the ICAC or other disciplinary forces.

At present, the Secretariat-General of the IPCC is a former ICAC employee. But how many staff are responsible for reviewing the thick files and examining the details of each individual case? As far as I know, the investigation reports are seldom vetted by people with investigation or relevant experience. Hence, I can only say that under the existing system, whether in principle or on the practical front, members of the public do not have confidence in the system handling complaints against police officers, and they can hardly consider the system effective.

On the contrary, members of the public who have lodged complaints under the police complaints system are even more annoyed and enraged. In fact, most of the complainants are not involved in other cases, and they are not those who detest the world and its way. Nevertheless, sometimes when they happen to experience cases of abuse of power and feel aggrieved, they will voice out their grievances. As far as I know, when people feeling aggrieved are being fooled by the CAPO, their anger and grievances will intensify. Sometimes when they show up at my Member's Office to seek assistance, I really feel sorry for them. I very much hope that I can counsel them and ease their anger. Having said that, I

do believe they have grounds, and that their grievances are worthy of sympathy. Chairman, I hope Members will support my amendment to delete the item of appropriation in question, so as to force the Government to establish an independent CAPO.

Mr James TO moved the following motion:

"RESOLVED that head 122 be reduced by \$64,740,000 in respect of subhead 000."

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

MR ALAN LEONG (in Cantonese): Chairman, the Civic Party admires Mr James TO very much for the attention he has attached to the Complaints Against Police Office (CAPO) and the passionate speech he delivered just now. Indeed, Mr TO has been striving for this cause for years. The relationship between the CAPO and the Independent Police Complaints Council (IPCC) is very important, as we do not have a police complaint system independent of the Hong Kong Police Force (HKPF). Given that the IPCC is an independent organization responsible for monitoring the operation of the CAPO, the role it plays is indeed very important. If the credibility of the IPCC is being queried, members of the public will lose their trust in the IPCC, and the system for lodging complaints against police officers will collapse.

Several years ago, I had spoken on behalf of the Civic Party on the same amendment moved by Mr TO. Regarding the speech made by Mr TO just now, we agree to many of the points raised, and we consider that the suggestions put forth by Mr TO are mostly in order and highly logical, which can enhance the credibility of the system for lodging complaints against police officers and enable the IPCC to operate more smoothly. Hence, we do not have the least doubt about Mr TO's grounds of argument.

Nevertheless, the stance to be taken by the Civic Party this year is the same as that several years ago, and hence we will not cast any vote when Mr TO's amendment is put to a vote later. Our major reason is that even though the current operations of the IPCC and the CAPO still have room for improvement, if

the entire sum of appropriation is deleted, this imperfect system cannot remain in operation in the coming year, and the situation will be beyond our imagination. Hence, just like what we have done in the past few years, the Civic Party will not participate in the voting process.

Before Mr TO's amendment is put to vote, I believe the Chairman can confidently predict that the amendment will be negated. However, I hope that the Secretary for Security, Mr Ambrose LEE, who attends the meeting today on behalf of the Government, will not be complacent. On the contrary, I earnestly hope that the executive authorities, represented by the Secretary, will genuinely reflect deeply in the light of Mr TO's impassioned speech. Where possible, they should provide sufficient resources for the IPCC and listen to the views raised by its Chairman and members as far as possible. They should also support as far as practicable recommendations on the resources, manpower and mechanism of the IPCC, as well as on the enhancement of IPCC's credibility and operation.

I believe Secretary Ambrose LEE knows very well that an IPCC with credibility can help the HKPF gain public recognition in the face of the complaints lodged by members of the public. Before there is a police complaint system independent of the HKPF, it is essential to enhance the credibility of the operation of the CAPO as far as possible. Even though today's voting result is clearly predictable, I still hope that Secretary Ambrose LEE can humbly consider accepting the many suggestions made by Mr James TO just now.

I so submit.

DR JOSEPH LEE (in Cantonese): Chairman, first of all, I have to declare that I am the Vice-Chairman of the Independent Police Complaints Council (IPCC). As we have said just now, I may have conflicts of interests. Nevertheless, I still wish to express my views regarding this amendment moved by Mr James TO.

According to Mr TO, Hong Kong needs to have an independent commission responsible for handling cases of complaints against police officers. Following this rationale, the Complaints Against Police Office (CAPO) and the IPCC should be abolished right away. If this rationale stands, a change in policy will be involved. However, in this Budget debate today, I cannot see how the CAPO will continue to operate if it receives no funding. How will all those

incidents or cases involving complaints against police officers be dealt with in future? Besides, the IPCC will not be able to remain in operation as well.

As the Vice-Chairman of the IPCC, do I find the work of the IPCC very satisfactory? In my view, there is room for improvement. The first issue is inadequate resources. I believe the Secretary is also aware that even though the relevant appropriation has been increased, the amount is still not enough to enable the IPCC to work more effectively, notwithstanding our experienced staff, such as the Secretary-General and Deputy Secretary-General who had once worked in some statutory bodies, like the Independent Commission Against Corruption.

I do not wish to go into the details of the IPCC's operation here. However, I do feel that in these two years since I joined the IPCC as Vice Chairman or since the IPCC became a statutory body, a lot of changes have taken place. The major function of the IPCC is to monitor if the CAPO handles complaints in a fair and just manner. In this connection, the IPCC is vested with the statutory authority to raise objection if it disagrees with the way the CAPO handles a certain complaint, and the CAPO has to address the IPCC's views. The IPCC is even vested with the statutory authority to meet with the relevant witnesses (including the police officers and complainants concerned). During the process, the IPCC will play another role. It will look into the daily operation or practical work of the HKPF to find out if there is any room for improvement, or any aspects that call for more attention and enhancement, so as to help minimizing the causes for complaints. In addition to reviewing whether the complainants are fairly and justly treated, the IPCC will also review the daily practical work of the HKPF, with a view to identifying areas for improvement, and thereby minimizing the causes for complaints.

The third category of work of the IPCC is to educate the public that they should lodge complaints if they are being treated unfairly. However, if the complaints are due to some misunderstandings or other factors that can be avoided, it is up to the person concerned to decide whether or not to lodge complaints. In this way, the number of complaints can be reduced. Even though the IPCC is an organization responsible for handling complaints indirectly, it is conducive to restoring Hong Kong people's confidence in the existing arrangement whereby complaint cases are handled by the CAPO. Let me take the incident of Vice Premier LI Keqiang's visit to Hong Kong as an example. The IPCC, in particular its Serious Complaints Committee, has

reviewed the complaints concerned carefully. We understand that complaints against police received by the CAPO reflect the inadequacies of the HKPF which should be improved. The IPCC has the responsibility and statutory authority to inform the HKPF and urge it to make improvements in these aspects. This task is of vital importance.

As such, I believe we need to review if the existing system works well. At present, it is very difficult for us to say if this system works well, but certainly funding is needed to maintain the operation of this system. If the whole system is collapsed due to the lack of funding or due to other reasons, I think this is not the appropriate step to take at this stage. For this reason, I will vote against the amendment. However, this does not mean that I believe Hong Kong should not establish an independent statutory agency to monitor the complaints lodged against police officers.

I believe we have to discuss this issue once every year. As I recall, when the legislation on the IPCC was passed in this Council, I supported the annual discussion. Our former Chairman had also said something similar to the views raised by Mr James TO just now. He pointed out that we need to establish an independent organization to monitor the operation of the HKPF. Nonetheless, as I had said during the passage of the said legislation in this Council, the system may not be perfect, but since we have adopted the existing system, we need to ensure its effective operation, and that the complaints lodged will be monitored by some people, so as to ensure that they are handled in a fair and just manner. Hence, even though the IPCC still has room for improvement, we hope that the authorities will allocate sufficient resources to the IPCC, and at the same time, sufficient resources should also be allocated to the CAPO, so that it can handle complaints effectively. As regards the IPCC, it should play a monitoring role to ensure that complaints are handled in a fair and just manner. Most importantly, it should enable the public to understand the operation of the system. The public may not agree to the system of "investigation by peers", but at least they can see that this system has a two-tier mechanism, which means that while their complaints against police officers are investigated by peers, an independent third party will also monitor the entire system.

Certainly, the most desirable arrangement is, as suggested by Mr TO, to have a fully independent organization. However, as far as this Budget debate

and the practical operation of the existing system are concerned, I believe we have to provide resources to the CAPO for its operation. Nevertheless, I agree with Mr TO that we should ultimately establish an independent body to handle the complaints lodged against police officers. This is the best and most desirable arrangement.

Thank you, Chairman.

MR LAU KONG-WAH (in Cantonese): Chairman, it seems that we have to express our views on this subject every year.

Mr TO proposed to completely slash the appropriation for the Complaints Against Police Office (CAPO), amounting to some \$60 million. This actually means that the CAPO will cease to operate if the appropriation is deducted. However, the CAPO is a formal channel for the public to lodge complaints in case the police abuse their power, and if the appropriation is deducted, the public will not be able to lodge complaints in the coming year. We do not support this extreme approach and we will thus oppose this proposed amendment.

Chairman, this subject has been discussed for a very long time. In fact, a very important piece of legislation was passed in the Legislative Council a few years ago. In the past, the Independent Police Complaints Council (IPCC) basically did not operate independently and it was also not a statutory body. However, a few years ago, the IPCC became an independent institution with an independent secretariat after the passage of a new bill, which had gone through careful scrutiny by the bills committee, of which I was the Chairman. The new IPCC operates as a statutory body and it does not have any connection with the police. This is very important.

During the scrutiny of the bill, we inquired into different aspects and every operational details adopted in the past, and subsequently, we proposed a series of recommendations, particularly the independence of the new statutory body, so as to improve its operation. As a matter of fact, the Government also adopted our recommendations to ensure the smooth operation of the new institution. The new IPCC has been in operation for a few years now. We hope that a review can be conducted at a certain point of time. In particular, the review should look into the adequacy of the powers conferred by the ordinance, the relationship and

co-operation between the new institution and the CAPO, the perception of the public on the new IPCC, and the views of members of the independent IPCC, and so on. I hold that reviews should be conducted in due course.

I note that the new IPCC operates in a professional manner, as can be seen from its Chairman, Mr JAT, its members and Observers. For instance, Mr JAT has come to the Legislative Council a number of times and I note that he has made a lot of efforts in handling cases in a serious manner. I believe his attitude or the way the IPCC operates will win the trust of the public. Certainly, if the public find that any institution, either the CAPO or the new IPCC, has handled cases unfairly, they can lodge complaints to the Legislative Council and we are duty-bound to monitor irregularities in society. As a matter of fact, we know that people often lodge complaints to different bodies for the same cause when they have any disputes or conflicts with police officers. In other words, they will simultaneously lodge a complaint to the Office of The Ombudsman, CAPO, IPCC, Legislative Council, and so on. We often come across such cases at panel meetings. The present mechanism make it possible for mutual monitoring and check-and-balance, which, I believe, will provide sufficient channels for people to reflect their views.

On the other hand, the independent IPCC has separated from the CAPO in the past few years, and I think the two institutions need not shield each other. They need not do so. In fact, Mr James TO has repeatedly proposed at the bills committee that the IPCC or the new independent institution should also be vested with the power of investigation. In my opinion, in terms of public administration, vesting an institution with both the powers of investigation and monitoring may not be the best practice. In terms of modern public administration, it may not be desirable as well. Hence, now that we have an institution responsible for investigation and another independent institution for monitoring, I believe it is the right course to take. On the contrary, if both the powers of investigation and monitoring are vested in a single institution, the public may have doubts about the independence and credibility of the institution. As for the proposal of establishing another institution to be responsible for monitoring, it would only result in an incessant chain of monitoring.

That said, I do not necessarily think that the present distribution of duties is perfect. However, as the newly established IPCC has already been tasked with the role of monitoring, it is untenable to doubt its ability to take up the work, and

it is even more untenable to slash the appropriation of the CAPO at this point of time. It is an irresponsible act to the public if the appropriation is slashed.

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

(No Member indicated a wish to speak)

SECRETARY FOR SECURITY (in Cantonese): Chairman, Mr James TO moved an amendment to the Appropriation Bill 2012, in order to deduct an estimated expenditure of \$64,740,000 under Head 122 in respect of Subhead 000 (that is, "Operational expenses" subhead of the Hong Kong Police Force (HKPF)). That in effect means completely slashing the appropriation for the Complaints Against Police Office (CAPO). The authorities are of the view that the amendment will lead to very serious consequences. I call upon Members to veto the amendment.

When the Appropriation Bill was scrutinized in the past few years, Mr James TO invariably proposed the same amendment. The amendment, even if it is passed, will not improve the existing police complaint mechanism. On the contrary, the CAPO can no longer continue to handle public complaints against members of the HKPF due to a lack of funding, and investigation underway must also come to a halt.

The present two-tier police complaint mechanism has an effective system of checks and balances. The CAPO is specifically tasked with handling and investigating complaints lodged by the public against members of the HKPF. In terms of operation, it is independent of other units of the HKPF, so as to ensure the objectivity, impartiality and fairness of its investigation. The outcomes of its investigations are referred to the statutory Independent Police Complaints Council (IPCC) for monitoring and examination.

The Independent Police Complaints Council Ordinance (the IPCC Ordinance) came in effect on 1 June 2009, and the IPCC also started to operate as an independent statutory body on the same day. The IPCC Ordinance expressly provides the two-tier police complaint mechanism with a statutory basis, and stipulates that the IPCC shall exercise its power and functions to monitor investigations into reportable police complaints handled by the CAPO. If, in the

course of examining a complaint, the IPCC has any doubts about the CAPO's investigation, it may request the CAPO to provide more information or conduct the investigation anew. It may even refer the whole complaint case together with its recommendations to the Chief Executive for consideration. Under the IPCC Ordinance, the police have the statutory duty to comply with the IPCC's requests. In addition, the IPCC Ordinance also empowers IPCC members and Observers to attend all interviews conducted by the police in relation to reportable complaints, with or without any prior arrangements at their own choices. IPCC members and Observers are also empowered to observe the collection of evidence by the police during their investigation into reportable complaints. In 2011, Observers made over 2 000 observations, more than 650 of which were conducted on a surprise basis. After making an observation, an Observer shall submit a report to the IPCC Secretariat, advising the IPCC of whether the interview or collection of evidence concerned is conducted in a fair and impartial manner and whether any irregularities are observed. This demonstrates that the IPCC Ordinance can help enhance the checks and balances under the police complaint mechanism, thus enabling the IPCC to monitor the handling of reportable complaints by the police in a more effective manner.

It is the authorities' pledge to continue to ensure an appropriate supply of resources to the statutory IPCC so that it can discharge its functions. At the same time, we must ensure that the CAPO of the HKPF will continue to receive the funding required for its smooth operation. If Mr TO's amendment is passed, the CAPO will no longer be able to operate due to a lack of funding. This is tantamount to scrapping the entire police complaint mechanism. I consider this move highly irresponsible and it obviously runs counter to public interest.

I implore Honourable Members to support the Government and oppose Mr TO's amendment.

CHAIRMAN (in Cantonese): Mr James TO, you may now speak again.

MR JAMES TO (in Cantonese): Chairman, let me briefly respond to the Secretary. I did seriously consider whether it is really better to have this mechanism in place. Since the Independent Police Complaints Council (IPCC) became a statutory body, I have seriously considered this question every year. It

is because I am probably the one among all other Members, or at least among attending Members now, who has received the largest number of complaint cases referred to me by the public or by other lawyers.

On the whole, is it better to have this mechanism in place? Some people may have this query: during the year, how many cases are, as Mr Ronny WONG Fook-hum had depicted, established after IPCC officers had worked their heart out? Under the present mechanism, thousands of complaints lodged are being investigated under a non-independent system and complainants have been fooled by this mechanism without credibility. The greater hope they have, the more disappointed they become. In comparison, I would choose scrapping this mechanism than maintaining it. I will not regret, not at all.

I seldom make such a statement because I believe there must be some value in any mechanism. However, under the present mechanism, a police officer, who has been cleared of the allegation of power abuse upon investigation, still cannot hold his head up because the mechanism can neither clear the allegation nor dispel people's concern. As for the complainants, they have to give evidence and be cross examined. They have time and again become an object of ridicule. Chairman, I think it is better to scrap this mechanism than maintain it. I cannot care less.

The Secretary just said that the HKPF has the statutory duty to comply with statutory requests of the IPCC. In fact, in my speech just now, I have also raised a question in relation to this point. If the Secretary did not hear it, I can repeat it again and the Secretary can later respond to me, as there is no limit on the number of times I can speak at this stage. May I ask whether the Commissioner of Police has the statutory duty to order the police officer being complained of to attend an interview requested by the IPCC? May I now formally ask the Secretary whether the Commissioner of Police will do so, and whether he has the statutory duty to do so? This is permitted under the law. However, the Commissioner of Police has not done so. I do not know if the Secretary for Security finds this justifiable; or does he think that while the IPCC can conduct investigations, the Commissioner of Police cannot force a police officer to attend interviews requested by the IPCC because of his entitlement to human rights. However, the Commissioner of Police has ordered police officers being complained of to attend interviews conducted by an investigator of the Complaints Against Police Office (CAPO) who is one rank higher than the police officers in question. In other words, the Commissioner of Police has ordered the

police officers in question to attend interviews conducted by their supervisor, but he has not ordered them to attend interviews conducted by officers of the IPCC which operates under the police complaint mechanism. What kind of mechanism is this? Why the requirement of attending interview cannot be imposed?

The Secretary said that deducting the appropriation would not improve the mechanism. In my view, the deduction would force the Government to carry out reforms, so that many disappointed complainants would not become more furious and being fooled again. They will not waste any more time on lodging complaints and they can engage in other meaningful pursuits instead.

As Mr LAU Kong-wah has just pointed out, in the light of public administration, it is undesirable to vest an institution with both the powers of investigation and monitoring. I concur with his view and I have thus requested that an independent CAPO be set up. At present, the Independent Commission Against Corruption (ICAC) is independent of other government departments, but it still has an independent monitoring committee above it. This is exactly what we need, an independent body like that of the ICAC. We should not let the HKPF investigate corruption involving members of the HKPF, like what happened a score or more years ago. Hence, we need an investigation body which is completely independent of the HKPF and another independent body to take up the monitoring role.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr James TO be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr James TO rose to claim a division.

CHAIRMAN (in Cantonese): Mr James TO has claimed a division. The division bell will ring for five minutes.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Man-kwong and Mr CHEUNG Kwok-che voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Ms LI Fung-ying, Mr Tommy CHEUNG, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Prof Patrick LAU, Mr Paul CHAN, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted against the amendment.

Mr CHIM Pui-chung abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Ms Cyd HO, Mr WONG Sing-chi, Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr Frederick FUNG, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG and Mr WONG Kwok-kin voted against the amendment.

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

THE CHAIRMAN announced that among the Members returned by functional constituencies, 23 were present, two were in favour of the amendment, 20 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 21 were present, 11 were in favour of the amendment and nine against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

MR JAMES TO (in Cantonese): Chairman, I move that head 122 be reduced by \$80 million in respect of subhead 103. This is the "Rewards and Special Services" of the Hong Kong Police Force (HKPF).

Historically, in the British-Hong Kong era, this is the expenditure for the then Special Branch. If someone asks for proof, it is very simple as they share the same subhead. Before the reunification, this expenditure could amount to thousands of millions of dollars, given the large manpower resources of the then Special Branch. After the reunification, some pro-communist people and even business tycoons did openly make a formal suggestion to reorganize the then Special Branch, thinking that without the Special Branch, there is no supervision.

In the recent Chief Executive election — the dust of which has finally settled — Mr LEUNG Chun-ying was elected and his die-hard fans Mr LEW Mon-hung once said that a senior official from the Ministry of State Security and the military asked him to locate a member of the triad nicknamed "Shanghai boy" to search for black materials of Mr Henry TANG Ying-yen, the rival of Mr LEUNG Chun-ying. What is so amazing is that, as reported in the press, "Shanghai Boy" has also deployed some of his South-Asian subordinates in his syndicate to collect intelligence relating to anti-terrorist activities for the nation.

These days, Mr LEW Mon-hung indicated that he was very miserable as he was criticized by many people for helping LEUNG Chun-ying and has become the target of attacks. Even the promotion of his daughter was affected. He received cold treatment and Mr LEUNG has not invited him to take up any official post. What post does Mr LEW want to take up? I wonder if he wants to be the head of the reorganized Special Branch. Is this the government post that he is interested in?

At an election forum, a member of the public asked Mr LEUNG Chun-ying, "Does the use of black materials to smear or attack other people involve any intelligence agency or covert operations?" I remember that the election forum was held in The Hong Kong Polytechnic University. Mr LEUNG answered in the affirmative and said that he was a victim too. Why did he say so? Because someone alleged that, according to the minutes of meeting disclosed by a member of the Council of the City University of Hong Kong (CityU Council), Mr CHAN Ka-kui, an old friend of Mr LEUNG who recommended him to join the CityU Council, was a former he had held different posts in the Hsin Chong Construction Group Ltd., including Executive Director, Non-executive Director, and so on. The minutes also highlighted Mr CHAN's participation in the construction of the CityU's academic towers, and how Hsin Chong Construction Group secured some major construction contracts in the end. Mr LEUNG said that he was a victim of covert operations because someone has disclosed the supposedly confidential minutes of meetings of the CityU Council.

I believe, under this secret subhead, some expenditure will definitely go to the collection of the so-called "criminal intelligence". Let us take drugs cases as an example. People who have a good understanding of drug cases should know that a person will be suitably rewarded if he or she can help the police crack drug cases by providing information about the amount of heroine or drugs. In fact, people of dubious background are aware of this, and even professors of Criminal Justice and Criminology can have access to such information.

And yet, in the past, the Government had not clarified in any closed meetings or on any official occasions if there were "undercover agents" or informants collecting information on political affairs, including assemblies, processions, demonstrations, as well as the intentions, activities and trends of development of the so-called aggressive organizations or trade unions.

Furthermore, their practices are different from the terrorists or terrorist groups. As we may aware, terrorists or terrorist groups do pay for informants around the world to collect intelligence for them.

For political and criminal intelligence, supposedly I would not say there is just a very thin line between them, nor are they completely different. And yet, if the Government fails to model on overseas parliaments to officially set up an "Intelligence Committee" under the establishment, and subject it to the supervision of either the parliament or the legislature, it will be susceptible to abuse. Under the existing system, even the Director of Audit has not conducted any thorough audit but merely carried out some basic audit procedures, such as checking the number of receipts that have been signed to acknowledge receipt. No thorough audit has been conducted.

For this mysterious expenditure subhead, the Government has been reluctant to disclose even the simple breakdown of manpower and equipment. If this is an expenditure for the collection of criminal intelligence, this sum of money should actually be included in the \$200-odd million used by the Security Wing on its few hundreds staff, the \$200 million used by the Criminal Intelligence Bureau on its 600-odd staff, as well as the \$40-odd million used by the Technical Service Department on the 100-odd surveillance staff. Expenditures relating to computers or communication equipments are already covered in other provisions. So, how will this \$80 million be spent? If it is not for paying the intelligence staff or the necessary equipment, then what kind of manpower or equipment is involved and how can we monitor them to avoid abuses?

Chairman, after Mr LEUNG Chun-ying was elected and appointed by the Central Authorities, an issue of public concern is how and when laws will be enacted to implement Article 23 of the Basic Law. Where did the black materials recently dug up come from?

It turns out that the so-called intelligence management review, which I have pursued for many years, has already been completed. Nonetheless, it is nothing but old wine in a new bottle. No concrete progress or improvement has been made at all. Who is responsible for collecting intelligence and which organization does he/she belong to? In other countries, an official intelligence agency is governed by specific laws. For instance, CIA of the United States of

America and MI5 and MI6 of the United Kingdom are empowered by certain laws or the relevant ministers, and are respectively monitored by a panel of retired senior judges or cross-party intelligence agencies specified by the legislature.

Our utmost concern is whether the intelligence collected is criminal intelligence, security intelligence or political intelligence, and whether the so-called "materials" are purely collected in the name of safeguarding public safety or are they actually political intelligence and black materials collected for security reasons. We are also very concerned about how the intelligence will be selected and subsequently included into our search system, and who will have access to such intelligence.

During the recent election, someone mentioned about some events that happened in Tokyo in 2002 involving photos, goodwill and different persons. Honestly speaking, without careful and systematic searching, relevant materials can never be dug up. I can say openly that I did not learn about the 2002 incident today, but a few years ago. I certainly do not know whether or not this is true, but according to my familiar network, I think we have reasons to worry that somewhere in the SAR Government, or in Sheung Wan, Central, the Western District or somewhere in Guangzhou, a gigantic intelligence collection system does exist.

Someone may say that, "Ah TO', if the system really exists, there is no need for the HKPF to reorganize the then Special Branch. Our nation should be very safe with the system in place, and the Special Branch is therefore unnecessary." In fact, before the reunification, I had talked to some people — not Hong Kong people, but people from the Mainland — in a very serious and thorough manner about how Hong Kong would be impacted by the reorganization of the Special Branch, and whether the police would be willing to do things in the dark. Their reply was: "Why would the police work for the British but not the SAR or the Chinese Government?" We had discussed the same question for hours and I had certainly given the most honest and sincere response.

Chairman, I think if there is a genuine need to collect intelligence, this kind of agency is necessary, provided that we have confidence. Why do we have no confidence? I think Hong Kong people are pretty worried. A person once asked me: Should national security not be safeguarded? My reply was national

security must be safeguarded. But the questions are how the relevant work could be implemented, how monitoring should be conducted, what kind of people would be involved and whether a proper system would be put in place?

I am not saying that everything related to the protection of national security or the intelligence system must be operated under the sun. Yet, under the existing system, I certainly have reasons to believe that after the enactment of laws to implement Article 23 of the Basic Law, it would be too easy for the HKPF to reorganize the Special Branch. Both manpower resources and equipment are available and the system has gradually been put in place. The only question is when our next Chief Executive will enact laws to implement Article 23 with the so-called consensus of Hong Kong people the consensus as construed by him. After the enactment of laws to implement Article 23, it would become even more difficult to distinguish criminal intelligence, security intelligence and political intelligence.

Why am I so concerned about the supervision of manpower resources and equipment of various divisions of the HKPF that can be used by the Special Branch? Because I eagerly hope that if the Central Government or our next Chief Executive is genuinely prepared to reorganize the Special Branch, they should be open and above board, so as to convince Hong Kong people that the authorities are operating under a good system. Only by so doing can people rest assured that the authorities are only against those who will endanger national security but not those who have faith in democracy, the rule of law, human rights and religious beliefs.

Mr James TO moved the following motion:

"RESOLVED that head 122 be reduced by \$80,000,000 in respect of subhead 103."

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

MR LEUNG KWOK-HUNG (in Cantonese): Chairman, after Mr James TO has spoken for so long, I certainly agree that there are reasons to reduce the relevant expenditure. As evident from the Chief Executive Election in which a pig

fought against a wolf, it would not make any difference even if Secretary Ambrose LEE secures an additional \$80 million. This is because the state security agency of the Mainland has already put everything under control. As we can see, they first pointed their gun at Henry TANG by bringing to light his illegal basement, which is actually no big secret at all. It was then followed by the incidents of "Shanghai Boy" and "Hunan Boy", and it seems that there will be many more from other Mainland provinces. At last, even Chief Executive Donald TSANG was made the scapegoat merely to revenge on the unveiling of the "West Kowloon-gate" by the authorities. Not even the Chief Executive is spared.

After all, he is the Chief Executive, buddy. Should the Secretary for Security be held responsible for the Chief Executive being followed by the "paparazzi"? Given that he now asks for a provision of \$80 million, has he formulated any counter-tracking policy against the "paparazzi" or has he engaged any "paparazzi beater"? This time, they shot the Chief Executive with a camera. What if they shot him with a genuine gun? If they can shoot the Chief Executive with a camera, they can also shoot him with a gun. Now that even the billionaires are involved, does the Secretary not feel ashamed? He is responsible for security affairs, right?

The Chief Executive has been tracked for years and every single move of his has been captured. After he denied an allegation, another incident will soon surface. However, as the tide has already turned against him, no further action has been taken by his rival. I want to ask the Secretary: Have you been too ineffective in combating the "paparazzi", such that they can disclose the secrets of the Chief Executive? Or, has someone from the penal agency who is more capable than the "paparazzi" assumed control? Is the Secretary aware of this? If he fails to combat the "paparazzi", what is the point of getting the \$80 million?

The Chief Executive is probably living under the gun and this is a matter of life and death. If someone kills him with a bomb while he is travelling on a plane, other passengers will be buried with him. Can the Secretary explain this? The Secretary is now present at the meeting, so I want to ask if he is aware of this and has embarked on an investigation. Can we just sit on our arms and let our Chief Executive be captured and blackmailed by the "paparazzi"? While he was so authoritative when he turned down our invitation to come to this Council, he is a loser to the "paparazzi".

If the "paparazzi" is responsible for everything, it is undoubtedly a dereliction of duty on the part of the Secretary. The Chief Executive has been tracked for a decade, but it is only until today that his years-old secrets were unveiled. Did the Secretary send any entourage to protect the Chief Executive when he went to the Mainland to visit the property owned by WONG Cho-bau, or did he go by himself? Since Donald TSANG said that he has very little time of his own, did the Secretary send someone to protect him when he visited WONG Cho-bau's property? Did he render help in selecting the flat? Was he informed? If the Secretary was informed, we should invoke the Legislative Council (Power and Privileges) Ordinance to carry out an investigation against him. If he knows nothing at all, he should better go home because he, being the Secretary for Security, has failed to protect even our Chief Executive.

Therefore, Mr James TO, all we need is an explanation for why he needs this \$80 million. He can do nothing about his tough rivals, but he even fails to combat the "paparazzi". He is nothing but a piece of rubbish. If the state security agency indicated a wish to stalk the Chief Executive and sought assistance from the Secretary by informing the whereabouts of the Chief Executive during a certain period of time and taking recordings, so as to facilitate the cross-examination of WONG Cho-bau (if he is actually involved), why would the Secretary need this \$80 million? He is simply doing other people a favour. On the contrary, he should be paid and receive \$80 million, which can then be used to subsidize the poor people. After all, he is working for them, right? It is therefore downright impossible for him to give an explanation in this Council.

The fact is that he can do nothing about his tough rivals or the "paparazzi". State security officials, who are much more competent than him, are all elites as the expenditure on stability preservation is even higher than the military spending. What can you do then? I have never heard of any country having higher expenditure on stability preservation than its military spending. In other words, the money used to deal with local people is even higher than that used to deal with foreigners. As the money earmarked for guarding against foreign invaders is insufficient relative to the ample provision for dealing with local people, there is no doubt that nothing can be done. The mere \$80 million will not be of much help, and should better be allocated to the Community Care Fund to help the poor. Why do we not allocate this \$80 million or its 10 fold \$800 million to the Community Care Fund, and obtain intelligence from people

who are more competent? In any case, they have a lot of intelligence, right? Can the Secretary give an explanation? No, that is not possible.

The entire election is filled with an abnormal force like the UFO, and no one knows what has happened. All we know is that secrets will be unveiled from time to time as they wish. The conclusion is that, the Secretary can only bully people like us. After I chide him today, he would order the tracking of "Long Hair" to see if he drinks alcohol and then take photos clandestinely. The photos will then be published in magazines with exaggerated reports. Am I right? I have not asked him if he has collected intelligence about me.

Chairman, you had once cited a famous quote of CLINTON, "If you spend \$5 million to track down on someone, you should be able to get something." Now that the Secretary requested \$80 million, so how many people can he track down on and attack? There is no way he can explain. LEUNG Chun-ying is pretty humorous. Soon after he was elected, he told us not to be afraid as the rights and freedom of Hong Kong would definitely not be infringed upon, and would be no less than before. And yet, he went on to say that he would enact laws to implement Article 23 of the Basic Law. This is tantamount to say that "snow is black and coal is white", where two false propositions will give one true proposition.

If the enactment of laws to implement Article 23 of the Basic Law will not have any impact on the rights and freedom of Hong Kong people, then what is the point of enacting such laws? Even people who support the enactment say that the restriction is essential. Therefore, I would rather listen to the President than believe in what LEUNG Chun-ying has said as the remarks of the President are more logical. Why do we need to enact laws if the enactment does not make any difference? Is this a meaningless move? Apparently, he is lying and I will definitely not believe in his lies.

Who should be responsible for the proposal to implement Article 23? Will it be the state security agency? No, because we need to act in accordance with the principle of "one country, two systems". Elites from the penal agency would have to be deployed, but not to combat corruption. I once reported that Donald TSANG received bribe, but no case has been formally filed. The case involving my beating up by an old man was also not filed; and instead, I was imprisoned for two months. This is the good deed done by the Government.

All Hong Kong people witnessed how that old man beat me up, but no case has been filed on the ground that investigation could not be conducted and the old man could not be identified. And yet, I have already disclosed his name and the *Apple Daily* had even interviewed him. Has the Government done what it is supposed to do? It cannot even properly investigate a case as minor as this.

The present situation is that the salt is not salty enough, the sugar is not sweet enough and the vinegar is not sour enough. We just make do with what we have and drift along. If the Government has nothing better to do, it will point his gun at us. Otherwise, what else can it do? I wonder if it has collected intelligence about the President, who received a call soon after he indicated his wish to run in the Chief Executive election. But "I did not ask you not to run in the election." This is a very simple logic. The issue under discussion is that, before the enactment of the state security law, the Government has already secured funding to collect political intelligence, as mentioned by Mr James TO. In fact, it is not correct to call it political intelligence. It should be called "ruling intelligence". It is about ruling but not politics. I have political intelligence every day. One can access the webpage of the League of Social Democrats to obtain information about how we have chided the Government, when assemblies would be held and details of the march setting off at 3 pm on 1 April from Ice House Street, with LEUNG Chun-ying as our main target. Is there a need to collect such intelligence? They should outsource this job to me because I can provide political information of all Hong Kong webpages for just \$5,000. However, our present focus is ruling intelligence, meaning information which facilitates the ruling of the person in power.

Such agencies are not uncommon because we have MI5, MI6, CIA and FBI. They are common everywhere. The point, however, is that they are not core ruling bodies. We still have sunshine. Vampires cannot survive under the sun. I am a beam of sunshine in this Chamber which shines occasionally amidst the dark clouds. And yet, the Government needs not report to us and we have no idea of what has been done. Nor are we informed of how the money will be spent. How come they still dare to apply for funding?

Secretary, heaven knows whether you can continue to serve in the next Government. I wonder if you and Stephen LAM belong to the "LEUNG camp". The intelligence file on Stephen LAM is probable one inch thick and people will probably hurl scathing criticisms at him once he leaves office. For your own

good, you should not do such things as there will be retribution. Take a look at the Cultural Revolution. Although LO Ruiqing was the head of the secret police, after he was arrested, he was accused by KANG Sheng as the worst element to be executed first. People who made use of intelligence to push other people in a trench will have retribution, and will also die in the end. Secretary, being a Christian, is not such kind of people. What religion does he actually follow? Is there the Eleventh Commandment "Better not get caught" or the Twelfth Commandment "Not to admit even if one gets caught is even better"? Does the religion that he follows have 12 commandments?

I wish to ask the Secretary a very simple question: How will such a large sum of funding be used? If the usage cannot be made public, how can I assure that when law is enacted to implement Article 23 of the Basic Law, the relevant policy will not tilt towards one side? Can you inform this Council how the money will be spent? If you can explain, I will definitely give you the money, or even double the amount. Have you collected black materials of Jasper TSANG or Stephen LAM? Have you ever pointed the gun at Mr James TO? He always criticizes other people and certainly deserves him right. How do we know if the "Target Link" incident is a masterpiece of you? How do we know if you have sent undercover agents to the Democratic Party and unveil the incident after securing the relevant documents? Similarly, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) may also be treated in the same way.

The problem is indeed very simple. While people cast doubt on you when you fail to give a clear explanation, you accuse other people for being too suspicious instead. But the fact is actually known to all. Another point is that even if you are really collecting intelligence, your performance is indeed extremely poor. How can we approve the relevant funding? The security agency of our Motherland, on the other hand, has received a number of Oscar awards this year in the field of soap-operas, namely the Best Script, Best Picture and Best Director. Everyone is like a puppet on a string and is led by scandals that unexpectedly crop up. In the end, both Donald TSANG and Henry TANG were defeated in tears while LEUNG Chun-ying won with a smile on his face. They created all the troubles themselves. Secretary, just tell me directly. Can you give me a reply on a piece of paper later on? I will keep it to myself. Is the abovementioned case true or not? If you can, I will give you my vote.

The issue under discussion today is the most basic question that the legislature would ask when monitoring the Government. If the Government seeks funding without knowing how it will be used, we will definitely not give the green light. If the Government seeks funding that will probably be used for doing bad things, we should not approve it. Similarly, if the Government seeks funding that will be used for doing bad things in an ineffective way, we will also not give the green light. It is just that simple. We hope that you will allow dissidents to enter into Hong Kong. Yet, when we called to discuss the matter with you, you merely pretended that you knew nothing. This is precisely what intelligence is all about. The dissidents have been exiled and washed their hands off a decade ago. They just wanted to return to visit their dying mother. Have you received the intelligence to deny their entry? Is it necessary to travel to Japan, Europe and the United States of America to find out when the dissident's mother is going to die and then deny his entry? WANG Dan applied for entry to Hong Kong after Mr SZETO Wah died, but you denied him with various excuses and even asked him to go elsewhere. Am I right? You are really smart. On this case alone, you deserve my paying you a salary of \$8,000. Has the funding been broken down into different uses? No. What good have you done to Hong Kong? You have spent \$500,000 to track down on one person. If the target is me, the amount spent may even be as high as \$5 million. Since you hate me so much, will the cost further increase to \$6 million next time? What can I do then? It seems that I am appearing on a high definition television as my pimples and moustache can be seen so clearly.

Chairman, I will not support his funding request. He is not only incompetent, but also irresponsible, and what he did has wronged people grievously. Thank you, Chairman.

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

(No Member indicated a wish to speak)

SECRETARY FOR SECURITY (in Cantonese): Chairman, Mr James TO moved the amendment to the Appropriation Bill 2012 proposing that the provision of \$80 million in respect of subhead 103 under head 122, that is, the

Hong Kong Police Force (HKPF) "Rewards and Special Services" subhead, be deleted. The authorities strongly oppose this amendment.

The expenditures under the "Rewards and Special Services" subhead involve essential special expenditures that may incur during the covert operations of the police, such as operations to combat terrorist activities, serious crimes and narcotic offences. The nature of these expenditures is relatively sensitive, which include rewards and "informer's fees", as well as expenditures required for the acquisition and maintenance of some necessary equipment for law enforcement. I have to reiterate here that the expenditures under this subhead are definitely not used for political purpose. Just now, some Members claimed that the \$80 million will be used for political purpose, this allegation is totally unsubstantiated.

The expenditures under "Rewards and Special Services" subhead are essential for the HKPF to maintain public security and law and order of our society. We understand that Members wish to obtain more information on the expenditures under the "Rewards and Special Services" subhead in order to enhance monitoring. We have strived, as far as practicable, to make such information public, maintain the transparency of police expenditures, and strike a proper balance between protecting the covert operations of law-enforcement agencies and ensuring effective law enforcement. However, given the covert nature of the operations, we must be very careful to ensure that disclosing information on the expenditures of these operations would not enable criminals to know, through analysing the allocation and trend of expenditures, the operation strategies of the police, thereby allowing them to elude justice or even jeopardize the safety of front-line police officers and informers providing intelligence to the police.

To enhance the transparency of expenditures under subhead 103 the authorities have, in recent years, disclosed relevant statistics on the uses of the provision under this subhead, such as the total number of cases, the total amount of rewards offered, the total number of reward payments made, and so on, on the premise of not affecting the law-enforcement capabilities of the police.

Moreover, since the enactment of the Interception of Communications and Surveillance Ordinance (the Ordinance) in August 2006, the transparency of the entire mechanism for monitoring the covert operations of law-enforcement agencies has been enhanced substantially. The Ordinance stipulates clearly the

authorization criteria for interception of communications and covert surveillance. The Ordinance also provides for the appointment of an independent Commissioner on Interception of Communications and Surveillance (the Commissioner) who is responsible for overseeing the compliance by law-enforcement agencies with the relevant requirements under the Ordinance. The Commissioner must submit an annual report to the Chief Executive, listing various items of statistical data on covert operations taken by law-enforcement agencies, such as the number of authorizations issued for covert operations, the time limit of the authorizations and the types of crimes involved. The Chief Executive will, in accordance with the requirements under the Ordinance, arrange for the submission of the report to the Legislative Council for scrutiny. Since the implementation of the Ordinance, the Commissioner has submitted five annual reports, and the Panel on Security has also discussed these reports thoroughly.

To ensure the proper use of public money, a stringent vetting and approval and monitoring system has been put in place for the vetting and approval and monitoring of the expenditures under the "Rewards and Special Services" subhead. The HKPF have formulated a set of detailed internal vetting and monitoring procedures, including vetting and approving every expenditure item by a designated senior officer and conducting blitz checks from time to time on the details of the expenditures under that particular subhead. The Internal Audit Division of the HKPF will also conduct annual audit on the expenditures under subhead 103. Besides, senior officers from the Audit Commission will conduct independent audit inspections for the accounts under subhead 103 in accordance with the Audit Ordinance. These monitoring measures can ensure strict compliance by relevant officers with government financial and accounting regulations, thereby providing multi-protection.

The expenditures under subhead 103 are essential for the HKPF in maintaining law and order in society and combating serious crimes. The HKPF has, on the premise of not affecting its law-enforcement capabilities, adopted a number of measures to make the information public. If Mr TO's amendment is passed, the law-enforcement capabilities of the police to combat crimes will be seriously impaired, which will in turn threaten the overall law and order situation in Hong Kong. I therefore implore Members to oppose Mr James TO's amendment.

Thank you, Chairman.

CHAIRMAN (in Cantonese): Mr James TO, you may now speak again.

MR JAMES TO (in Cantonese): Chairman, as expected, the Secretary for Security has always refused to face the relevant issue direct. Perhaps this is attributable to the character or competence of Secretary Ambrose LEE, but I will not behave in this way. Even if the situation follows the same old pattern as he has described, I will by all means make specific responses of any slightest development made, either from the legal or institutional perspective.

Chairman, I have two points to make in response. Just now the Secretary said that not all the funding will be used for political purposes. The statutory power of interception exercised in pursuance of the Interception of Communications and Surveillance Ordinance (the Ordinance) can only be used to intercept security-related intelligence. Although the term has a pretty loose definition, we at least have a few Judges and Judge WOO Kwok-hing to explain if certain communication falls within the meaning of the loosely-defined term and decide whether the relevant authorities can exercise the statutory power of interception. Regarding this \$80 million funding which is pending approval, if the money is not used to exercise the statutory power of interception, no one in this world can monitor whether the money is used to collect security intelligence, political intelligence or the ruling intelligence as mentioned by Mr LEUNG Kwok-hung. Apart from the HKPF, no one else (including the Judges) can monitor the actual use of this \$80 million.

Over the past 10 years, the Secretary for Security has stressed time and again at either the meetings of the Panel on Security or other formal meetings that even he himself has no idea of the actual usage of the funding. I wonder if he meant to say that he was reluctant to know or not allowed to know in accordance with the law. But how can we hold the Secretary for Security accountable if the entire system has been abused or turned into a tool of oppression politically? Today, he came here to deliver a speech. But is he not accountable? It is so unfortunate that our Commissioner of Police is not an official under the accountability system. Under the existing system, is there any political obligation that enables us to hold an official political accountable for the use of this \$80 million? The answer is in the negative.

Second, if the community is gravely concerned about this issue, especially after Mr LEUNG takes office as the Chief Executive, will the Secretary or the

next Government consider setting up a small committee comprising a couple of members of the public to monitor this sum of money? I wish to put this proposal on record. There is currently a pretty senior-level security clearance. Judge WOO, for example, is now responsible for listening to and reviewing confidential information relating to interception cases, among which are those involving security intelligence. Another example is the Operations Review Committee (ORC) of the Independent Commission Against Corruption (ICAC), which is tasked to review cases which the ICAC has completed the investigation work. The abovementioned Judges or ORC members will have access to extremely confidential and sensitive information, and it seems that a system has been put in place to ensure that these people can be trusted. Is it possible to form a committee by selecting a couple of people among them or among members of the Executive Council? Nonetheless, people may have the impression that the Executive Council is a part of the Government. However, the Government has turned a deaf ear to this proposal. I have lost all hope in the incumbent Secretary for Security, so I just wish to put this on record. Does anyone from the public administration sector, who is rational, objective and fair, have the zeal to advocate and implement this proposal?

I thus put down my remarks for record purpose.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr James TO be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr James TO rose to claim a division.

CHAIRMAN (in Cantonese): Mr James TO has claimed a division. The division bell will ring for five minutes.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Kwok-che voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Ms LI Fung-ying, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Mr Paul CHAN, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted against the amendment.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Frederick FUNG, Ms Audrey EU, Mr Ronny TONG, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG and Mr WONG Kwok-kin voted against the amendment.

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

THE CHAIRMAN announced that among the Members returned by functional constituencies, 22 were present, one was in favour of the amendment and 21 against it; while among the Members returned by geographical constituencies through direct elections, 25 were present, 15 were in favour of the amendment and nine against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the sum for head 122 stands part of the schedule.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Head 142.

MR WONG YUK-MAN (in Cantonese): Chairman, all amendments to this year's Budget are proposed by Members of the so-called pan-democratic camp. I do not belong to the pan-democratic camp, since they have kicked me out. I do not know which camp I belong to. Members sitting on my left have not proposed any amendments, implying that the Budget needs not be amended. Later, they will just go through the formalities and raise their hands to pass the Budget, as they have always done so as a voting squad or a voting machine.

I want to ask Members on my right how they will vote on the Budget after their amendments are rejected. *(Some Members indicated that they would vote against it)* So you will vote against it. Thank you. There are many people on my right. The Labour Party Members are sitting in this row. I know Members like Mr LEUNG Yiu-chung have the same stand as me. However, I am not too sure about the noble barristers in this row, since we have no communication at all. It is like groping in the dark. Sometimes I will take a glance at them, hoping to find out how they will vote from the expression in their eyes. Since we do not take part in their "lunch box meetings", sometimes we have no idea how they will vote. The three of us are very miserable. Fortunately, we are quite smart, so we know what to do. Even though they oppose my suggestions, I support theirs. Although the Civic Party opposes the motions we put forward, I support all the motions they propose. This is not a matter of magnanimity, but a matter of courage.

Chairman, last year's Budget aroused widespread indignation and discontent. Prof LAU Siu-kai, Head of the Central Policy Unit (CPU) who helped to give advice on the Budget, suggested that people's discontent had reached a critical point, and this saying had got him into trouble. Mr Stephen LAM, do you understand my point? Later, Prof LAU contradicted himself and denied that he had ever made remarks about "the critical point", thus doing further damage to his character and credibility — just like your good self, Mr LAM. There is widespread doubt in the community about the value of the CPU. That is why I proposed an amendment to delete the budget of the CPU, so as to abolish this organization that failed to do its work and only brought misfortune to the Government and the people. This year, I propose, once again, a similar amendment to prove with facts that the CPU should be abolished.

Established in 1989, the CPU was the brain trust of the Hong Kong Governor during the British colonial era. With members coming from different

backgrounds, it was responsible for gathering public opinions. At the time, the CPU included members from all walks of life with diverse political views. For instance, the Honourable LEE Cheuk-yan was once a member. It seems to me that Christine LOH, HO Hei-wah, CHAN Yuen-han and the Honourable Margaret NG had been members of the CPU. Even the then Secretary General of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), whose name seems to be CHENG Ngai-lung — please correct me later if I am wrong — was once a full-time member to the CPU. In this way, the Government was able to assimilate policy ideas proposed by those outside the establishment and gauge the pulse of the community.

But nowadays, what is the CPU like? It is bias in soliciting views, and is incompetent and inefficient. Its annual expenditure amounts to some \$80 million. According to LIAN Yi-zheng, a former full-time member to the CPU during the time of TUNG Chee-hwa, the appointment of full-time and part-time members by the CPU was increasingly based on the consideration of political loyalty. Naturally, this implied loyalty to the SAR Government or to TUNG Chee-hwa. In addition, there was indication that affinity to the Liaison Office of the Central People's Government in the Hong Kong SAR (LOCPG) had also become a criterion for appointment.

During the term of Donald TSANG, the situation has worsened. To satisfy the demands of the LOCPG, appointment is based on political background only. This has undermined the original broad representation of the CPU and its significance. Now, it seems that the situation will only get worse. I suggest that LEUNG Chun-ying should invite people like CAO Erbao and HAO Tiechuan to join the cabinet to serve as Chief Secretary for Administration. Even you, Mr Stephen LAM, are not qualified. Your loyalty can still not be compared with them. If HAO Tiechuan and CAO Erbao join the Government to serve as chief secretary and bureau secretary, it would be perfect. Then the aim of "Hong Kong communists ruling Hong Kong" will be achieved. If the true-blue DAB and the Federation of Trade Unions (FTU) were to become the two largest parties in Legislative Council after this year's election, occupying at least thirty seats, it would be even better. Then we would really have communists ruling Hong Kong in both the executive authorities and the legislature. The mission of the CPU would then be accomplished. Hong Kong would make a transition and head towards the grave.

Chairman, in my speech on the CPU last year, I already pointed out that the CPU had dwindled into a club for the "princelings". In 2011, the list of part-time members of the CPU included Judy CHEN Qing, daughter of CHEN Zuoer, former deputy director of the Hong Kong and Macao Affairs Office, Michael HUI Wah-kit, son of the late Legislative Council Member HUI Cheung-ching from the Hong Kong Progressive Alliance, Jaime SZE Wine-him, son of SZE Chi-ching who is a member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), David WONG Yau-kar, son of WONG Po-yan, former Vice-director of the Hong Kong Basic Law Committee, Andrew FAN Chun-wah, son of Rita FAN, former Legislative Council President and current member of the National Committee of CPPCC, and Herman HU Shao-ming, son of HU Fa-kuang, member of the National Committee of CPPCC. They are the so-called "affluent second generation", or the "princelings" in our terms. This situation makes me laugh. This year, the appointees also include a number of scions of rich families, such as David LI Kwok-po's son, and Andrew LEUNG Kwan-yuen's son. You can draw your own conclusions about this.

The CPU has 46 part-time members, more than half of whom are from the business sector. There are very few members from the political parties. One of them is KWAI Ting-kong from the DAB, a new "commie". This young man with a punk haircut is a part-time member. I have read some of his remarks and his posts on Facebook, and found that he is virtually a "Hard Plastic man". The "old folks" on my left may not know what "Hard Plastic man" and "Hard Plastic comments"³ refer to. But this Member from the information technology sector is more up-to-date and knows what it means. Please explain what "Hard Plastic man" is to everyone later on. Let me state that it is not coarse language. In the list of appointees in recent years, there are more and more people from the pro-establishment camp. Among the part-time members in 2012, only Prof CHAN Ching-kiu from the Lingnan University and Brian FONG Chi-han, a lecturer in the Division of Social Studies of the Community College of City University of Hong Kong, are clearly affiliated with the pan-democratic camp. The number of members from the pan-democratic camp is shrinking and their proportion is falling from year to year. This is a very obvious trend. We are

³ "Hard Plastic" is a word-for-word translation for the two Chinese words which sounds similar to the Cantonese smear word, meaning "stupid"

talking about part-time members, and yet, the CPU fails to invite people from a broad spectrum to give views.

As some newspapers pointed out, among the part-time members in 2011, the attendance rate of the second generation of the pro-establishment camp was extremely low. One example is CHEN Zuoer's daughter, who attended only nine out of the 21 regular meetings. Horace CHEUNG Kwok-kwan, vice-chairman of the DAB, had an attendance rate of less than 40%. The attendance rate of other members such as District Council member Alice MAK from the FTU only barely met the pass mark. The FTU fared slightly better. What is the point appointing them as part-time members, if they did not even attend the meetings?

Naturally, LIAN Yi-zheng, a former full-time member to the CPU, has a lot of inside information, but he cannot disclose much information. Still, some of his discussions or views on matters of principle are worth considering. Unfortunately, no one takes any heed. One thing that is most striking is that Prof LAU Siu-kai always makes inaccurate estimates of the number of participants in marches. Sometimes, we were caught off-guard because of his wrong estimates. I might as well tell you that LAU Siu-kai is indirectly responsible for the "Hong Kong communists" officially taking over. On 1 July 2003, Premier WEN Jiabao took a child into his arms in Amoy Gardens. This was a heartwarming sight indeed. But once he left Hong Kong and arrived in Shenzhen, 500 000 people took to the streets. If you were in his shoes, you must have thought that Hong Kong people were ungrateful and did not deserve any better.

Before leaving Hong Kong on 1 July, WEN Jiabao went to Amoy Gardens to visit a home and hug a child. Afterwards, he dined at the Government House with Mr TUNG. During the meal, he asked, "Mr TUNG, how many people do you think will join the march this afternoon?" (*in Putonghua*). Mr TUNG replied, "I believe our estimate is about 30 000." (*in Putonghua*). Where did his "estimate" (*in Putonghua*) come from? Who else but the great Prof LAU Siu-kai? This is how serious it was.

On 23 June, I contacted Donald TSANG and told him, "Chief Secretary, at least 300 000 will join the 1 July march. Tell your 'boss' to withdraw the legislation on Article 23." This is what I told Donald TSANG on 23 June. But in return, he accused me of instigating people every day on radio programme to

take to the streets and blatantly oppose his "boss". He warned me of the consequences. Even though I had told him that 300 000 people would join the march, he did not tell Mr TUNG. Obviously, he had an ulterior motive. If you had told him that 300 000 would join the march, which differed greatly from the estimate of 30 000, would he choose to believe in you or LAU Siu-kai? This is just one example. It is not much of a secret either.

A week before the march in June, I also contacted another TSANG, none other than the current Legislative Council president. He was amazing. He only said, "I cannot help it. It is a big deal. There is no way to stop it. Let's see what the Government will do." I was having lunch with Legislative Council President TSANG in Yung Kee Restaurant in Central that day. I told him the situation was serious and asked the DAB to think about what to do.

I might as well tell you that about one week after the 1 July march, MA Lik, the Secretary-General of DAB, met me for lunch at Lao Shang Hai Restaurant in North Point to discuss the situation at the time. See, I could engage in dialogue with DAB members, either with the Legislative Council President or your ex-chairman, despite the Marxist cloak they wore. I was a commentator then, not a politician. With a rational, objective stance and standing on the side of the people, we told politicians or those in power some facts, hoping that they would know how to respond, so that things would not come to a bad end, leading to suppression, even though LEUNG Chun-ying would like to do so.

That is why we are psychologically prepared that after this "local communist" takes office, we will have a more radical struggle against him than against Stephen LAM. Stephen LAM is simply not up to scratch. That is why he has provoked so much public anger when handling the proposal on the arrangements for filling Legislative Council vacancies. He is not competent enough. Thus, he probably cannot get the job of the Chief Secretary in the new Government. If he does, he must have the blessings of his ancestors.

Given the present circumstances in Hong Kong, if the CPU makes no change and overhauls itself, and the Government still relies on it to come up with strategies, it will certainly go bust. The CPU is not doing its job. Even though it conducts opinion polls regularly, it never publishes the result. Just now, in order to lobby for votes, I talked to Mr LEUNG Yiu-chung and asked him to

support me. Otherwise, the motion I propose will only have three votes. "Long Hair" will support me no matter what, since he voted in favour last year. He has no reason not to support my motion again this year. In that case, I will only have three votes. Earlier, the motion proposed by Albert CHAN also had three votes only. At the time, "Long Hair" was not in the Chamber. I was so afraid the motion would only be supported by two votes. Fortunately, "Long Hair" entered into the Chamber later. That is why it had three votes. I hope there will be more than three votes in favour of this motion. Hence, I asked Mr LEUNG Yiu-chung to support me. He said, "I will support you."

Mr LEUNG Yiu-chung gave a very good example. The studies on a universal retirement protection scheme have been conducted for many years. What are the findings? I am digressing from the subject of my speech again, since I have already used up 12 minutes. The Chairman has a copy of my speech, so he will know that I am digressing from my script again. Actually, I have also mentioned the issue of universal retirement protection. The CPU said it has conducted five studies on a universal retirement protection scheme over the last four years. It points out that Hong Kong's main model for retirement protection is supported by three pillars, that is, Comprehensive Social Security Assistance, which Matthew CHEUNG Kin-chung talks about all the time, the Mandatory Provident Fund (MPF) system and private savings. Mr LAM, we have already told you that these three pillars are unreliable and are about to fall.

However, the CPU is of the view that Hong Kong is experiencing multiple changes in its systems, such as increasing the "fruit grant", introducing a minimum wage, raising the upper income limit for contributions to the MPF and introducing voluntary health insurance. Hence, it needs to conduct more in-depth studies on the retirement protection systems in light of the changing circumstances and reassess the situation. We allocate some \$80 million to the CPU each year, and are these the findings they give us? They are good for nothing.

There are many more reasons for scrapping the CPU. But due to time constraints, I will leave it to Albert CHAN to elaborate further later on. Frankly, regarding the comments about studying how to enhancing these three pillars, I take offence at the term "enhance". These three pillars are on the verge of falling. Even if you want to mend them, you should not say "enhance". Hence,

I believe the CPU should be scrapped. This is what should be done in terms of sense, reason and law. In particular, we object to its work relating to the studies of universal retirement protection.

Actually, the Government no longer relies much on the CPU. What has it achieved during the past year? Look at the ignominious end of Donald TSANG. What has the CPU done as his think tank and advisor? In the present political environment, with the Government counting down its remaining days, everyone is muddling along, and the CPU has nothing to do. Instead of letting the CPU idle away, we should just cut the funding this year altogether.

Some say that this Budget straddles two administrations and must be carried over to the term of the next Chief Executive. In that case, he should take care of it himself. Since he has so many talented people full of wisdom and resources, such as CAO Erbao, HAO Tiechuan, LEW Mon-hung and CHEUNG Chi-kong, he can handle it even without this funding. After all, he is so capable and his "grandpa" is so rich.

Therefore, Chairman, I move the motion that head 142 be reduced by \$85,760,000 in respect of subhead 000. I hereby move the motion, and hope that some Members on my right side would support me, apart from these three votes in favour, even though I have no such expectation from those on this side. However, even that hope seems remote. Thank you, Chairman.

Mr WONG Yuk-man moved the following motion:

"RESOLVED that head 142 be reduced by \$85,760,000 in respect of subhead 000."

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

MR LEUNG KWOK-HUNG (in Cantonese): Chairman, what remains of the Central Policy Unit (CPU) can be summed up with a pithy Chinese idiom, which is, "too much is as bad as too little". During the colonial rule, for fear of not understanding the public sentiment (apart from Sir Cecil CLEMENTI, none of the Hong Kong Governors was versed in Chinese), the British called together a group

of people and asked them, "What is your view? We intend to do this. Think about it." As we all know, neither the Executive Council nor the Legislative Council was familiar with the conditions of the people. In the old days, after the Hong Kong Governor had spoken at the Legislative Council meetings, he would have high tea with Legislative Council Members and go to the Cricket Club to watch foreigners play lawn bowls.

Where does the problem lie? After the riots — the protests against fare increase of Star Ferry, the riots organized by the Hong Kong communists and the anti-British riots, people came to realize that the administration must absorb people with political influence. LAU Siu-kai knew this too. Nowadays, if you overdo it, it will become an agency for rewarding loyalty.

I think of the Han Dynasty, it practiced feudalism on the one hand and established the system of prefectures and counties on the other. What is feudalism? It ensured that those whose surname was LIU and LUI would be given land, so that they would remain powerful during power struggles. At the same time, it set up a system of prefectures and counties. This is obviously a product of feudalism, where land is passed down so that they can take care of themselves like "land-holding peasants".

Mr WONG Yuk-man has already given us the inside story. They are either the "affluent second generation" or "princelings". You do not know who they are, but you know who their fathers are. If you ask him who he is, he will tell you who his father is. They are that kind of people. This is the worst kind of bureaucrat politics. Instead of giving you their own name cards, they will give you their fathers' name cards. Then you will know they are the third son, fourth daughter or fifth daughter of so-and-so.

What kind of politics is this? It is not about what you know, but about who you know. Since the SAR Government and especially Mr TUNG could not accommodate him, LIAN Yi-zheng, who is a scholar, left the Government and revealed some matters, as well as told us about his experiences.

There are only two groups of people in the CPU, one group is the "bootlickers", and the other group is the "traitors". I do not know the percentage of these two groups in the CPU. It is impossible to find out. After joining the CPU, they muddle along and acquire the title of a CPU member, which is really

convenient when you do business. In the past, people would wear a gold watch and if they had to run away, they would pawn it. Now, whenever something comes up, they would show their name card and say, "I am a CPU member." This is the so-called "connection". This is the so-called "guanxi" (*in Putonghua*). With the arrival of the Communist culture in Hong Kong, if someone asks you who you are, all you have to say is that you are a CPU member and who your father is. Do you think Henry CHENG Kar-shun hired LEUNG Chin-man for his expertise? Even though LEUNG Chin-man had never studied purchasing, he was appointed a purchasing director in the Mainland. The reason was that he once held the post of Permanent Secretary in Hong Kong. When Mainlanders hear the title "Permanent Secretary", they would be very impressed. Since Permanent Secretary is a powerful position, the post title was used to impress the Mainlanders.

How low the CPU has sunken! It cannot even absorb those with political influence into the administration, since those people have no political capability at all. They are just rewarded for their loyalty, is that right? What has the CPU accomplished? I will not even mention the incident in 2003, which was a big joke. What else has it accomplished? I have never seen anything that it introduced worked — telling people to stop using drugs, telling students to stop using drugs. I do not know if it was implemented at all. It was such an important policy change, and yet it was totally mucked up. Kenneth CHEN knows it very well. It aroused widespread public discontent. Another thing is the proposal on the arrangements for filling Legislative Council vacancies, which totally deserves the criticism against it. On this issue, the Honourable Priscilla LEUNG, who is a law professor, said we should punish the legislators who resigned. Judging others with her small mind, she said, "Just bar them from running. If they are barred from running in the election, it will have a deterrent effect". So she proposed to bar legislators who have resigned from running again. Stephen LAM, who considered himself very smart, came out to say it would be unconstitutional to bar people from running, and he came up with a second proposal — the arrangements to fill Legislative Council vacancies. In the end, they engaged David PANNICK, a Queen's Counsel from London, to resolve the matter. These government officials finally resorted to hiring an external barrister. They showed me the documents and said, "Mr LEUNG, we have hired a brilliant Queen's Counsel from London. He said it was OK. Ms Audrey EU and the others are talking total nonsense." Isn't this the case? Did the Government conduct studies on its policies? Never mind that the CPU has

not conducted any studies on constitutional development. But when you try to take away Hong Kong people's electoral rights by force, shouldn't any studies be conducted? Is that a central policy? Is it just a matter of local administration?

Chairman, I really feel sorry for Mr LAM, who was the Secretary for Constitutional and Mainland Affairs at the time. He is not omnipotent. Did the CPU conduct any opinion polls or studies, or anything of that kind? Did someone set up Mr LAM? Or did he dig his own grave? No one knows. I feel the same about the CPU. I have thrown things at Donald TSANG many times, and I will do so again when he comes back. If he refuses to allocate \$50 billion to set up a fund to help the people and the elderly, I will certainly throw things at him again. Has anyone offered him political advice and told him that if he insisted on acting against the elderly, he would spark great public outrage, he would be universally condemned and come to an ignominious end? Did anyone tell him he would be punished and he might even throw up the shark's fin that he had eaten? Was any advice offered him? This is a political question.

The academic question is, while the three main pillars are rotting, the Government still says we should rely on them. People have told the Government that the later it implements the policy, the more infeasible it will be. As the Administration has pointed out, it is infeasible because this generation is supporting the next generation, and it is difficult for them to support the older generation as well. But the later the policy is implemented, more people in this generation will have to support the older generation. Since the Administration has pointed out the logic, should it not try to break the curse as soon as possible? Why is it still procrastinating? How come the Administration can tell the Legislative Council that it will not provide the relevant data on the studies that have been carried out? Whose money is the Administration spending? Should I give LAU Siu-kai of the CPU one minute to explain? Does he wish to speak? After carrying the studies, he does not publish the findings or provide the data. How can he tell people that the three pillars are working well, and yet no consensus has been reached?

Of course there is no consensus. The Chief Executive is too busy travelling on private jets and yachts and eating shark's fin. He has to look for an apartment as well. After he has selected the apartment, the CPU had to invent excuses for him and write up stories for him, so that he could survive the

condemnations of Legislative Council Members and answer the questions they raised. It had to arrange pro-establishment Members, who usually do not attend Council meeting, to attend the meeting and ask simple questions that the Chief Executive could answer. Are these the functions of the CPU? Is the CPU nothing but a "Central Bootlicking Unit"?

Chairman, absorbing political forces into the administration is a tactic of ruling. The SAR Government is incapable of this and will not even adopt this kind of tactics for ruling. The Government distinguishes between its friends and dissenters. As I have always said, "inbreeding produces monsters". Inbreeding either produces fools or idiots. There have been so many obese and mad people in the European aristocratic and royal families. The tyrant Nero, for example, was a product of inbreeding. However, the Government is fond of inbreeding. That is why it always appoints the same people. On the pretext of gathering public opinion and formulating central policies, it rewards some people for their loyalty by giving them titles and positions. Does the Administration feel ashamed of itself? Why does it not appoint me? I have plenty of views to give and I will criticize the Government all the time. Are my criticisms unpleasant to hear? Is that how it is?

After the reunification, Mr LEUNG Yiu-chung, Dr Margaret NG and Mr LEE Cheuk-yan sitting over there would like to join the CPU, but they were not appointed, since they do not belong to your tribe, the cannibal tribe. Chairman, after eating a human being, you become a cannibal that feeds on humans. That is the way it is.

Chairman, whether the funding is passed or not, it is just a formality. Those who approve of the funding may join the CPU in future. I do not know how many people will join the CPU. I have not seen any signs yet. Is this inbreeding? This is the price of inbreeding. The price is that the cannibals will let man-eating go to their heads, and start eating their own kind. Henry TANG was "eaten up" by LEUNG Chun-ying, because he is a cannibal addicted to man-eating. At first, he eats cooked food. Now, he eats raw meat that is still bloody.

Chairman, actually, the CPU should be scrapped. Those with a little knowledge of history would know that there was no such thing as the accountability system of principal officials during the British rule. Did we have

a Basic Law then? Did we have 50% or one third of legislators returned by direct election? No. That is why the CPU was set up. It was created from nothing. They thought they could not do it alone and were afraid of the consequences of inbreeding, so they appointed people from outside and consult their views. But now things have changed. The CPU has no reason to exist. What is the CPU? Is it a minister of state or the cabinet? It has no legitimate status.

A simple question is this: after LEUNG Chun-ying became the so-called Convenor of the Executive Council in 1999, he convened a group of people. Later, TUNG Chee-wah fell from power, and Donald TSANG took over. Now, Donald TSANG has fallen because of him. Does he have no responsibility at all? If he is someone with political integrity, he must answer all kinds of accusations. He cannot say it is confidential and refuses to disclose information. If you want to "mend socks"⁴, do it at the roadside. You can earn a living at twenty cents a pair. I find him the most despicable. He has been elected and appointed Chief Executive by the State Council. Can he not clarify this issue? Did Henry TANG slander him, or was it the other way around?

That is why I do not have much expectation. All information is kept secret. They take people's money and hold meetings themselves. After holding the meetings, they formulate policies that make us suffer, either taking away our basic rights, or making us live beyond our means, either depriving us of the right to education, or leaving us without housing. The Administration refuses to disclose information citing the need for confidentiality. Is the data of the CPU confidential? Chairman, what does confidentiality mean? Confidentiality, it just means "filthy and dirty". *(The buzzer sounded)*

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

MR LEE CHEUK-YAN (in Cantonese): Chairman, we support the motion proposed by Mr WONG Yuk-man that head 142 be reduced, in order to clearly express our extreme dissatisfaction about the "black box operation" of the Central

⁴ In Cantonese, "mend socks" and "keep secrets" sound the same.

Policy Unit (CPU). Reducing one of the heads of expenditure of the Budget represents a protest against its "black box operation". I think Prof LAU Siu-kai also knows this. We have told him that we are getting even with them for its studies on universal retirement protection. But it is just one example.

The Labour and Welfare Bureau and the CPU are in cahoots. We have asked the Labour and Welfare Bureau what planning it would make with regard to the question of universal retirement protection in view of the ageing population. The Labour and Welfare Bureau replied that the CPU was conducting a study. So we asked the CPU what kind of study it was conducting. It had commenced its studies in 2007. What are their findings? Even after the Legislative Council has set up a Subcommittee on Retirement Protection to study the issue of retirement protection, the CPU still refuses to submit the findings of its study. One of the reasons they give is that they are carrying out a new study, so they will not submit the report of the previous study. I can understand that they cannot submit the report of the new study, since it has not been completed. But why can they not submit the report of the previous one, which has been completed? What exactly is the study about? In view of the World Bank's guideline that three pillars are required for retirement protection, the CPU wants to find out whether the three pillars in Hong Kong can allow the elderly to live in dignity.

Of the three pillars in Hong Kong, the first one is social security assistance. The Comprehensive Social Security Assistance (CSSA) is of course inadequate, since most elderly people are not eligible to apply. The second pillar is the Mandatory Provident Fund (MPF), but this obviously does not apply to those earning a low income and to housewives not in employment. The third pillar is private savings, which means relying on oneself. While this is certainly not a problem for the senior government officials sitting here, it does not work for the average grass-roots worker. This goes without saying, and yet they have to conduct a study to find out.

Chairman, what angered us most is why the CPU refused to release the report of that study. My anger still has not abated. Why did it refuse to publish the report of a study? The CPU explained that the study was outdated, since it was conducted during the time of the financial tsunami. After the financial tsunami, the situation has changed completely. We understand this. We know the study report has a time factor. But what have they done? Why

can't we obtain the report of that study? Will the report embarrass the Government? Does it conclude that all three pillars cited by the Government are inadequate, and that it needs to do more? Hence, the Government refused to release it? If so, what purpose does it serve for the CPU to conduct the studies? After it has conducted its studies, we do not know if someone will listen, what kind of analysis has been made or how they will help the making of policies. We do not know anything. This is just one example. Where does all the data of the CPU end up? We have no idea. Nor do we know how it will help the formulation of policies. Thus, today, we are making a solemn protest against the "black box operation" of the CPU over the years. It has always refused to release the findings of its studies. Not only does it refuse to share the findings of studies funded by public money with the public, it will not even submit them to the Legislative Council. What is the point of conducting these studies?

Therefore, we support the reduction of one of the heads of expenditure of the Budget. Since everything is shrouded in secrecy, we might as well dissolve the CPU. Originally, we hoped the Government would carry out more studies, since we think conducting policy studies is very important. We hoped that the findings would help us conduct rational discussions about the future directions of policies. Nevertheless, the CPU is not doing this work. Actually, they could have released their study reports and let us discuss them rationally. However, the CPU never offers any of their findings for our discussion. Hence, we think we might as well dissolve it.

Thank you, Chairman.

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

MR ALBERT CHAN (in Cantonese): Chairman, perhaps as this is the last Budget debate in the current term of the Legislative Council, which will also expire soon, Members are basically distracted and not in the mood to join in the discussion. Perhaps many Members are so pre-occupied with other matters that only a few have attended the meeting and spoken on the proposed amendments to the Budget. This phenomenon is rarely seen over the past 14 years. If such a Council even dares to ask for a pay rise, it is really not surprising that this request is met with mockery, reproof and furore from the public. Hence, over the years,

I have been advocating or strongly requesting that all Members of the Legislative Council should work full-time. If Members all have their own businesses or jobs, they will not care much about the well-being of society as their prime concern is to make profits. In my view, the Central Policy Unit (CPU) is not the only body that should be disbanded, this self-inflated Council which only concerns about transferring interests among Members should also be disbanded because its performance is just despicable.

Having been a Member of the Legislative Council for many years, I notice that the performance and standard of this Council is in fact comparable to the CPU. As the standard of the CPU has been deteriorating, this Council is also slipping in an alarming manner. I recall that in my days as a Member in the 1990s, my fellow Members — including appointed Members and Members returned from the functional constituencies (FCs) — would sometimes made severe criticism against the Government when they scrutinized bills or debated at meetings. Comments made by FC Members and appointed Members were sometimes even harsher and stronger than me, and I would sometimes learn from them. But now, the essence of this Council has changed, it has become so deplorable that it is somewhat both saddening and distressing.

Speaking of the CPU, if I have not understood wrongly, its main work includes conducting policy research and advising the Government on its major policies. There are three major areas of work, namely policy address, budget and other major policies. Some researches are more practical in nature, concentrating on current issues which are more pressing; and some researches are more forward-looking, the issues under study have longer-term impacts. The CPU will then provide information or conceptual recommendations for Government's consideration.

It is actually quite difficult for us to assess the performance of the CPU, because it may have produced some insightful researches or proposed some effective recommendations, but Government may not accept these recommendations due to political considerations. We can hardly know what has happened. If the Government refuses to take on board some insightful and sound researches conducted by the CPU, the value of the CPU's existence will become doubtful. If the researches conducted by the CPU or its recommendations are basically unacceptable to the Government, it should be disbanded.

In fact, by just considering the effectiveness of the Government's governance and the seriousness of our social problems, we can tell whether the CPU should still be in operation. Over the past 14-odd years since the reunification, the wealth gap in society continues to widen, resulting in the substantial increase in our poor population; the slanting of government policies towards the consortia has become increasingly rampant; the people's dissatisfaction with government policies continues to rise; and the degree of support for the Chief Executive has tumbled.

It is clearly evident that the CPU's researches are ineffectual, and its recommendations to the Government are of no use, such that the popularity of the whole Government and the credibility of its governance have plummeted. In other words, the brain of the Government has become dysfunctional, such that it fails to fulfil its proper functions in respect of advising, researching, commanding, and so on. As a result, the Government suffers from serious problems of governance that undermine people's confidence, leading to a crisis of confidence. This phenomenon is quite obvious.

Just now, I listed out a series of major problems in our society. As a matter of fact, Premier WEN Jiabao has time and again cautioned the Government about the existence of deep-rooted problems in Hong Kong society. However, I did not see any reports on policy research or social study published by the CPU, nor did I know any major policy recommendations proposed by the CPU to the Government to solve the deep-rooted conflicts. Perhaps Prof LAU Siu-kai can respond later by saying that the CPU has already done its work, but the corrupted Chief Executive just refused to listen, and Secretary Stephen LAM, who devoted his energy to flattering the Central Authorities, did not listen to its advice at all. He can give such an explanation. In fact, it is obvious and clear that the governing team of the Government is at its wits' end, and fails to meet public demand in respect of formulating, executing and implementing policy proposals. Hence, the people's trust and rating on the Government have both fallen to a historic low.

In overseas countries, if the government has a governance problem or if a crisis has arisen, there will be some reshuffling, for instance, the financial secretary or minister would be replaced when there is a financial problem; sometimes, even two or three principal officials would be replaced in one go when certain problems have arisen, so as to bring in new thinking and new modes

of practice to revitalize the government and give people a feeling of change, or to improve governance through certain personnel changes of the governing team.

However, it is not the situation now. Over the years, Prof LAU Siu-kai Pardon me for repeating once again, some 20 years ago, I was a fan of LAU for his researches and writings, in particular, his views about the problem of social relationships in Hong Kong, which were, so to speak, the fruits of his long years of in-depth study. However, as he serves longer and longer in the CPU, he starts to suffer from dementia — I do not know whether this is actually the case, he may need to have some check-ups — resulting in his deplorable, lackadaisical or perfunctory performance in policy research. He has not made specific analysis and is not capable of analysing specific issues, resulting in the complete mess of the Government's governance.

Many Members have just mentioned about the assessment of the situation in 2003. Three days before the march on 1 July 2003, I had already guessed that some 500 000 people would take to the streets. This figure was not derived from opinion surveys, but from our contacts with members of the society. The biggest problem with the CPU, including Prof LAU, is probably that it has lost touch with the general public, and cannot feel the actual problems. Sometimes, research work also involves feelings; it should not only be conducted inside an ivory tower through telephone surveys. Instead, researchers need to go to the grassroots and learn about their responses, opinions and needs through actual contacts.

In view of the mistakes made by the CPU, the policy addresses, budgets and even major policies proposed the Government in recent years suffered from setbacks year after year. Needless to say, the same also applies to this year's Budget as the disparity between the rich and the poor worsens even further.

Chairman, over the past few years, I have been pointing out in this Chamber repeatedly, since Donald TSANG came into power — in fact, the situation has been worsening since the era of TUNG Chee-hwa — the biggest problem is that the Government has mentioned less and less, sometimes none at all, impact assessment in its policy papers.

During the era of the British-Hong Kong Government, government policy papers would always contain a section on social impact assessment, in addition to

economic impact assessment. At present, very often no such assessments have been made. Without these assessments, how can the Government gauge the reactions of various parties? The legislation on Article 23 of the Basic Law was a disaster, and the replacement mechanism another. The proposals from Secretary York CHOW earlier on the banning of smoking and increasing the duty on tobacco were made without making any assessments on their social impacts.

When Members raised certain questions in the Chamber about the relevant legislative and tax proposals, the Secretaries of Departments and Directors of Bureaux concerned were caught by surprise as if they were unaware of such impacts. If the Government intends to propose some major policies, the CPU is duty-bound to provide information, conduct analysis and make recommendations on these policies. How come nothing has been done? Perhaps, the CPU has done its work, but I know nothing about it; or the CPU has already submitted a report to the Secretaries of Departments and Directors of Bureaux concerned, but they just put the report aside without reading it at all, or they have completely forgotten about the contents of the report after reading it.

Obviously, in respect of policy research, from our actual experience and the papers provided, it is obvious that the CPU has not provided many necessary data and it lacks a direction of assessment. When the policies are put into operation, the authorities may suffer from disastrous consequences due to wrong or erroneous assessment.

Over the past 10-odd years, this situation has kept on recurring. In terms of the entire government structure, the CPU should actually be the brain of the Government, but this brain is now suffering from dementia and hence, it must be removed. The continued existence of this organization will only be detrimental to the operation of the entire Government. This brain can no longer command the Government. If we allow this inept and demented brain to exist, the imbalanced operation of the Government will aggravate. We might as well send all staff of the CPU to an elderly home, give them pension and severance payments, so that they will not cause further harm to society and create problems for the Government.

There is another issue which I have repeatedly criticized over the years, both during budget debates and on other occasions, this is, the disclosure of reports compiled by the CPU. Even though some reports could not be disclosed

immediately after completion due to certain important and sensitive reasons, should they be disclosed after, say, one year, two years, or even three years? The Legislative Council is duty-bound to review whether such studies are cost-effective and whether there is a need to conduct such studies. Though tens of millions of dollars had been spent on these studies, we have absolutely no idea about the standard of the research report, and we do not even have a chance to read such report after 10 years.

Moreover, the CPU would sometimes commission outside parties to conduct the research. How would I know whether the authorities have made use of such briefing-out activities to transfer benefits, or satisfy the demands of some rich and powerful persons? However, the Legislative Council has no way to monitor the situation.

Hence, the entire CPU is like a black hole; it does not only engage in black-box operation, it is a black hole itself. The characteristic of a black hole is that any material nearby will be sucked in by the gravity of its magnetic field, and will never come out again. The black-box operation of the CPU will suck in everything, including money, the hard-earned money of taxpayers. Everything will then vanish.

These questions which I just mentioned present a major crisis to the operation of the entire society. In retrospect, regarding the series of governance blunders, as well as the many mistakes made in policy implementation, the Secretaries of Departments and Directors of Bureaux should, to a certain extent, be held liable, but the CPU should also be held responsible. It not only fails to keep tab of the pulse in society for the Government and propose sound improvement measures, but also leads to the downfall of the whole Government.

Over the past 14-odd years since Hong Kong's reunification, in particular during the eight years under the reign of Donald TSANG, the governance of the Government has hit rock bottom. Even though the tenure of "corrupted TSANG" has only a few months left, he should have been dismissed long ago. Regarding this amendment concerning the funding provision of the CPU, no Members should cast a negative vote from the perspectives of logic and reason. Yet, out of political loyalty and preference, and in order to safeguard this corrupted, inept and blundering Government, Members of the royalist camp will continue to blindly support this demented organization, which is heading towards

extinction. This will only continue to bring shame to Hong Kong and bring suffering to the people.

MR LEUNG YIU-CHUNG (in Cantonese): Chairman, I have been listening attentively to the speech of Mr WONG Yuk-man, and I concur with many analyses and views raised in his speech. After listening to his speech, I need not say any more because he summarizes all the points I intend to make. Nevertheless, I do not entirely agree with one point he made towards the end of his speech.

If I remember correctly, Mr WONG Yuk-man expressed his wish that the SAR Government should no longer rely on the Central Policy Unit (CPU). Of course, I understand what Mr WONG Yuk-man means and his intention is kind. In his view, should the SAR Government continue to rely on the CPU, it would only bring shame and stagnation to the Government, and will not be conducive to the well-being of Hong Kong people. He speaks from a well-intended perspective, but I will present my views from an ill-intended perspective. Why? I think the Government should not disband the CPU, it should continue to rely on the CPU.

What are the most important and simplest reasons? If "Yuk-man" had joined the Subcommittee on Retirement Protection (the Subcommittee), he would know that we have invited many organizations, including the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), and so on, to express their latest views on universal retirement protection. After all the organizations and political parties had presented their views on universal retirement protection, we would generally ask the representatives of the Government to respond to these views. However, the representatives of the Government's representatives would normally reply, "no comment." Why was that so? Because they have to wait for the CPU's advice, and hence, they could not give any comments. And when we further asked the Government whether it had any proposal, again the reply was "no comment." Why? That is because it has to wait for the CPU's advice.

Hence, when I chatted with "Yuk-man" just now, he asked me if I would support his amendment, and I replied that I would definitely support his amendment. Why? Because after all those meetings attended by government officials — a lot of public money had been spent in conducting such meetings —

it turned out that the officials could only say two words: "no comment". Sometimes, a slightly longer version would be given: "we will provide a report in due course pending the advice from the CPU." That is all. That is why I adopt an alternative perspective and do not agree with the last point raised by "Yuk-man". So long as the CPU still exists, government officials can have a convenient excuse, they need not do anything but give the reply such as "no comment", "pending the CPU's advice", and so on. Is that not a good thing? In this way, the Government can do nothing at all.

We have set up a Subcommittee and have been working very hard, hoping to resolve the problem of ageing population in future. We are not alone in saying that this problem must be resolved, because the SAR Government also keeps telling us that by 2033 — I now know the figure by heart — one in four persons in Hong Kong would be an elderly person and hence, preparations must be made well in advance. As we all know, retirement protection is crucial, but what has the SAR Government done so far? Although Secretary Matthew CHEUNG keeps talking about the three pillars as just mentioned by "Yuk-man", we know very well that those three pillars have been eroded; worse still, they are dragging everybody down. Many workers told me that given the deficits of their MPF accounts, they would be more than happy if they could get back their original contributions. However, the Government still clings onto the three pillars, how then can the problem be resolved? That is really not a solution at all.

Just now, a number of Honourable colleagues, including Mr Albert CHAN, expressed the view that they would like to know the findings of research studies conducted by the CPU. However, this is not the angle I take. What I want to know is not the findings of the studies, but whether these studies can help the Government formulate a policy. That is my greatest concern. But regrettably, the crux is that the research studies conducted by the CPU have not helped the Government formulate any policies. Perhaps it has helped in formulating a policy, that is, the "three-pillar" policy, but the three pillars have existed for a long time and they are nothing new. Hence, it is meaningless. Then, what is the contribution of the CPU? The only contribution of the CPU is that it has become the shield of the SAR Government to do nothing at all. That is its only contribution.

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

Nonetheless, the problem is that Members of the Legislative Council, non-governmental organizations and members of the general public do not really want to see the Government do nothing at all. We still hope that the problem can be resolved by the Government. While the Government also agrees that retirement protection is a serious issue, it has yet to make any progress in resolving the problem because the Government can still claim that the problem is out of its hands, pending the advice from the CPU. As such, it can shift its responsibility to the CPU. But what has been done by the CPU? As I said just now, it just becomes a shield such that the Government can do nothing for the time being, or it can take no action at all. We cannot accept that the role of the CPU is to support the Government's inaction. While it is our hope that the CPU can help the Government take some actions, there is no reason for its continued existence if it cannot perform this role. Hence, I totally support the proposal made by "Yuk-man" to withhold the relevant funding allocation.

Is there any reason why we should not support this proposal? Why should we support the continued existence of an organization that does no work? Moreover, there is one thing which I do not quite understand, which is, why the Government should use the CPU as a shield? The CPU is not really a government department; it is merely a unit. How come it is even more powerful than government departments and Policy Bureaux? The Government can do nothing, or dares not do anything, pending the CPU's instructions. Yet, nothing has been done by the CPU. I have no idea about the structure, as this unit is even more powerful than Policy Bureaux, or even the Chief Executive. Why? I do not understand the organizational framework. If it is something I do not understand, why should I let it continue to exist? It should be the Policy Bureaux that are responsible for policy formulation, and it should be the SAR Government which is responsible for administration. I do not believe that every Policy Bureau must consult the CPU before taking any action. I really do not think so.

If it is not the case, what are the reasons for the continued existence of the CPU? I am really at a loss. Sometimes, in our casual talk, we may say, "I can do that for you, but at least you should give me a reason." I invite the Government to give me a reason later on and show me the value of the CPU. Can the Government give us one reason? If the reason is that the CPU can function as a shield for the Government, as I have just said, it needs not say any

further. Hence, I see no reason why funding allocation should be made to perpetuate the existence of the CPU.

Deputy Chairman, I so submit.

MR ALAN LEONG (in Cantonese): Deputy Chairman, the Legislative Council is tasked with the constitutional duties of monitoring the cost-effectiveness of public expenditure and performing the role of gate-keeper in resource allocation. If funding allocation for the Central Policy Unit (CPU) is still approved as a routine practice, even though it utterly fails to perform its functions, the Legislative Council will neglect its rightful duty of monitoring the cost-effectiveness of public spending.

According to the information I have looked up, the CPU was established in 1989. When the CPU was set up by the British-Hong Kong Administration, the authorities had explained the reasons for doing so. David FORD, the then Chief Secretary, suggested that the Government should establish its own think-tank — which was a novel concept at that time — because when new Members returned from direct elections joined the Legislative Council, they might adopt a more critical attitude against the Government, and they might also bring in views from perspectives outside the Government. Dr Margaret NG of our party was honoured to be appointed as a part-time member of the first term of CPU. I learnt from Dr NG that when David FORD suggested setting up this think-tank, it was a conscious decision to co-opt its members from amongst those who were most critical and outspoken against the Government, as well as having the most independent thinking. Through this set-up, the Government acknowledged the restrictions in its vision on decision-making and hence, the Government hoped to make up for its deficiencies in this regard before the introduction of government policies through the erudite members of the CPU who criticized the Government harshly with their own insights. A case in point was Leo GOODSTADT, the first full-time member of the CPU, who was an expert in the fields of finance and economics.

However, it seems that the CPU is now totally different from what it was then. Deputy Chairman, before and after the reunification, the CPU used to co-opt its members from talents belonging to leftist, centrist and rightist camps, but its performance in recent years is hardly effective. To a large extent, I think this is related to the members appointed to the CPU. Of course, intense debates

have been held time and gain in this Council about the appointment of part-time members to the CPU. Some people considered that the CPU had become a recompense for political services or a club for the "princelings" — a perception which I think neither Prof LAU nor the Chief Secretary for Administration can dismiss as completely groundless.

Deputy Chairman, a new term of the CPU has commenced recently. But if we look at the 40-odd part-time members in the previous term of the CPU, at least six are regarded as the second generation of those so-called "pro-China hotshots", including the daughter of CHEN Zuoer, former Deputy Director of the Hong Kong and Macao Affairs Office of the State Council; the son of WONG Po-yan, former Deputy Director of the Committee for the Basic Law; the son of Rita FAN, member of the Standing Committee of the National People's Congress; the son of the late HUI Cheung-ching, former Member of the Legislative Council from the Hong Kong Progressive Alliance; the son of SZE Chi-ching, member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC); and the son of HU Fa-kuang, member of the CPPCC. Of course, I am not saying that all of them are not knowledgeable and insightful; I cannot say for sure. However, given their background, I think neither the Chief Secretary for Administration nor Prof LAU can totally dismiss such doubts against them as groundless. If the CPU still adopts the thinking in 1989 when Leo GOODSTADT was adopted as a full-time member, or at the time when David FORD was the Chief Secretary, how come all these people are from more or less the same background? Hong Kong people doubt that these people are more or less along the same line in terms of their ideas, perceptive, criticisms, analysis, as well as value judgment on specific incidents. This is understandable. Is there any overriding reason to co-opt these six persons belonging to the second generation of the "pro-China hotshots" as "classmates" in the same term of the CPU? This situation is indeed very odd.

Let us look at the membership list of the CPU during its early inception, Deputy Chairman. As I have just said, the membership list include people who were most critical and outspoken against the Government, as well as having the most independent thinking, such as Anna WU, Christine LOH, and needless to say, Dr Margaret NG. By comparison, it is difficult to understand why the situation is so different now. How can the "brain" of the Government — an organization that should perform the functions of a think-tank — being suspected of turning into a club for the "princelings", or being a recompense for political services?

I recall that the same amendment was debated last year around the time Prof LAU Siu-kai made his "critical point" remark, that is, he first admitted that he made that remark, and then denied making the said remark. At that time, I noted the comments made by Mr LIAN Yi-zheng who was a long-serving full-time member of the CPU, as well as a respected academic and commentator. In the aftermath of the "critical point" incident, I noted the comments made by Mr LIAN Yi-zheng that after all these years, perhaps the CPU should no longer exist, and it was time to disband the CPU given that its historic mission had been completed. Deputy Chairman, that remark was made one year ago. So we already knew as early as 14 April last year that Mr LIAN Yi-zheng also took the view that the CPU should be disbanded.

Since April last year up till now, has the CPU made any efforts to salvage its position in the public's mind, or its status and position in the minds of Members of the Legislative Council? I do not see any particular efforts made by the CPU that is worth mentioning. I think all Honourable colleagues who have been involved in the issue of universal retirement protection would concur with the views expressed by Mr LEUNG Yiu-chung just now that the CPU has been used by the Government as a shield, because whenever we ask the Government about the timing of introducing universal retirement protection in Hong Kong, the Government would invariably reply that the matter is being studied by the CPU.

The CPU has been studying the issue of universal retirement protection for more than 10 years. It seems that the study commenced in about 2003 — if I am wrong, the Chief Secretary for Administration can clarify in his reply for the Government later. My understanding is that the CPU commenced the relevant studies about that time, and the study has been going on for 10 years. How many 10 years are there in one's life? However, the CPU has been studying the issue for 10 years, and it is still saying that further studies are required. That has effectively become the shield for the authorities. If that is the case, I will not approve the allocation of \$85.76 million for this shield of the Government. That is just a waste of resources.

Another area that draws criticism is the usage of public money by the CPU. It has commissioned, by public money, various studies to be conducted by universities. Even though these studies were conducted with public money, that is, the funding approved by the Legislative Council, the findings of some studies have not been disclosed, to be shared with Hong Kong people. Why not make

public the findings of all these studies, so that political parties or Members of this Council can enrich their discussion and analysis by such additional information, and they can be better equipped in discharging their public duties. I think Prof LAU will definitely say some findings have been made public, but what I am saying is that all findings should be disclosed. Since these studies are funded by public money, how come the CPU does not share the findings with us? That is another reason why we consider it a waste to allocate funding to the CPU.

The recurrent expenditure of the CPU amounts to some \$80 million annually, yet its studies will not be shared with the people, and members appointed to the CPU are unbecoming as the "brain" of the Government, or its think-tank or staunch critics, as intended originally. As members appointed to the CPU all come from the same background, we cannot help but ask whether the CPU has become an organization with only one voice, and these members will only sing praises for the Government. Of course, there is no way we can find out if that is actually the case because we do not even know how they conduct their meetings and work. Has the CPU really performed the role of a think-tank or a "brain"? If we consider the administrative blunders made repeatedly by the three clients of the CPU, *viz* the Chief Executive, the Financial Secretary and the Chief Secretary for Administration, which have given rise to much discontent in society, obviously the CPU has not performed its rightful duties.

Of course, we can presume that this think-tank or "brain" has already provided a lot of shrewd and insightful advice to its three clients, only that they have not accepted such advice because they are obstinate and hence, they have turned a deaf ear to these valuable opinions. I wonder if this is a presumption which the Chief Secretary for Administration wants me to make, but I think it is not what Prof LAU wants. If this presumption is invalid, the CPU must have neglected its duties, and this think-tank has failed to perform its functions, such that its three clients cannot effectively implement their policies and measures, resulting in repeated administrative blunders. If that is really the case, should this think-tank be disbanded?

Hence, no matter which perspective is adopted in considering this issue, the Civic Party does not think that there is any value for the continued existence of the CPU. The Chief Secretary for Administration is in the Chamber now, I think he will speak in reply later, and I will listen very carefully. If he can answer the questions I just raised in his reply later, surely, the Civic Party will consider

changing our voting preference. Nonetheless, Deputy Chairman, up to this moment, we totally support this amendment proposed by Mr WONG Yuk-man. Perhaps it is time for the CPU to consider whether it should be disbanded given that its historic mission has been completed.

MS CYD HO (in Cantonese): Deputy Chairman, I am going to present my viewpoints and facts, in the hope that I can convince Mr Alan LEONG to support even more steadfastly the proposal to cut the annual recurrent expenditure of the Central Policy Unit (CPU) and abolish this organization.

Deputy Chairman, the CPU is tasked to serve the Chief Executive, the Chief Secretary for Administration and the Financial Secretary by conducting researches and public opinion surveys. In fact, it is the think-tank of the highest governing echelon of the Hong Kong SAR. In theory, the relevant researches and data are required by the highest echelon of the Government for the purpose of public administration, rather than for private gains; hence, the data collected for these researches, as well as the reports of findings should be made public. However, as many Honourable colleagues just pointed out, such information is inaccessible to outsiders like a black hole.

Apart from withholding these basic data and reports, we must also ask the CPU what are the criteria adopted for choosing its research topics, setting priorities for the studies, as well as selecting the overseas countries to be studied for the purpose of learning from their experiences in the relevant issues? All these are kept confidential. Earlier, a study was conducted by the SAR Government in relation to constitutional reform. When I read the report, I was shocked to find that even Singapore, one of the countries under study, has implemented the "one-person-one-vote" electoral system, even though it does badly in areas including the rule of law, freedom of expression and the press, freedom of assembly and association, an independent legal profession, an independent judiciary or an independent electoral commission. This country only has the electoral system of "one-person-one-vote". I wonder whether the SAR Government is contemplating the mode of Singapore, such that while everyone is eligible to vote in the election in 2017, a higher nomination threshold will apply, the media will take sides, and the Electoral Affairs Commission will initiate proceedings against the candidates who lodge any complaints. Is that what the Government wants?

Moreover, the public knows nothing about the CPU's rationale for drawing up the scope of these researches. As the SAR Government is now facing other serious problems, such as the ageing population and retirement protection, I think the CPU must have also conducted researches into these relevant issues. In fact, basic demographic data collected during the researches, such as the age, income, education level, economic activity, or even physical condition of the population, should be made public because this may save many academics, who pursue further studies, a lot of time, manpower and resources. Besides, if the same set of basic data is used by the Government and the academia, the situation of interminable and inconclusive arguments between the two sides can be minimized. Therefore, the highest governing echelon of the Government should make these data public, either from the high end perspective of serving public interest and putting public funds into better use, or the low end perspective of minimizing arguments.

Regarding how to turn these basic data and analysis into government policies and measures, the authorities are even more reluctant to make any disclosure. Even though the Government may refuse to disclose any information about the final step, it should make known to the public certain background data. As we are aware, Hong Kong is now facing some critical issues. But when we ask the Government whether any researches and data collection have been conducted, its answers are often very surprising. For instance, regarding the social impact of the "doubly non-permanent resident population", we note from the Administration's replies to our written questions on the Draft Estimates that some studies have been conducted by the Food and Health Bureau, as well as the Education Bureau. But what about those in relation to the overall planning of Hong Kong, as well as the impact on our population? Why is this not the responsibility of the CPU? Why has it not undertaken such ground work properly in advance, and then disclosed the relevant data, so that the society as a whole can be prepared for the potential problems? But now, we do not even know how many "doubly non-permanent resident children" will return to Hong Kong from the Mainland and enrol in schools in North District in the next academic year. Under this circumstance, it is impossible to make any planning for the provision of obstetric services, pre-school education or basic education in Hong Kong.

Deputy Chairman, every policy should be formulated on the basis of knowledge and data. This not only applies to the executive authorities, but also

to political parties. Regrettably, there is a cap on the funding of political parties in Hong Kong, and requests made by the legislature to the executive authorities for additional resources on researches conducted by Members' Offices and Members' Assistants have not met with favourable response. Hence, on the one hand, the Government cuts the resources provided for researches conducted by Members' Offices, and on the other hand, it refuses to disclose data in its possession. Ultimately, the executive authorities monopolize knowledge built up with public funds, resulting in highly unfair competition. The Government will only disclose its data when facing criticisms by non-governmental organizations or academics, so that it can claim that other people have used some wrong data, and only its data are valid. Is it really necessary for the Government to do so? Why can it not fully disclose these data in the first place?

I object to the continued existence of the CPU for another reason. Apart from conducting public opinion surveys and data research, the CPU also creates public opinion through some misleading questionnaires. Previously when conducting a public opinion survey in relation to the constitutional reform package, the CPU had called my office. On answering the call, one of my colleagues noted that the option of "full direct election" was not given in the questionnaire. Instead of giving a straight reply, my clever colleague asked the interviewer, "If I prefer the implementation of full direct election and dual universal suffrage, which option should I choose?" In response, the interviewer said that such option was unavailable, and the answer would be categorized as "Don't know" or "No comment". How could such a resolute demand and clear stance be classified as "No comment" in the CPU's telephone public opinion poll?

Firstly, the CPU came under the suspicion of creating and distorting public opinion in the design of the questionnaire, such that not all options were fairly and impartially presented to the respondents. Secondly, when some relatively shrewd respondents came up with a retort, the interviewer would blatantly say that their views would be categorized as "No comment". Hence, if the CPU is undertaking these anti-intellectual polls in an attempt to distort the truth, why should we provide it with public funds to do so? This task should be done by a party machine, not a government practicing fair governance.

On the other hand, even though the Executive Council receives the data from the CPU, it will pay no attention. In mid-June 2003, an opinion poll was conducted by Mr LAU Siu-kai to ascertain whether members of the public would

take to the streets on 1 July. According to the data he submitted to the Executive Council in mid-June, 18% of the respondents said that they would take part in the march. With a population of under 7 million at that time, 18% of the respondents would be about 1.3 million, and the adjusted figure would be around 700 000 to 800 000 at least. As shown by aerial photos taken by the police on that day, about 380 000 people had taken to the streets. Hence, that was a reasonable projection. Of course, such data had already been submitted to the Executive Council in mid-June, but nobody paid any attention to the fact that 18% of the respondents had indicated their intention to take part in the march. Instead, they still wanted to forcibly proceed with the bill to implement Article 23 of the Basic Law. After these events in mid-June, the Executive Council then witnessed for itself in mid-July that some 700 000 to 800 000 people had actually taken to the streets. As we know now, the use of tear gas and anti-riot squad against protestors had been mentioned in the subsequent discussion of the Executive Council. If our Government is so anti-intellectual and it just wants to promote policies and measures autocratically without any regard to data and public sentiment, work done by the CPU will just be wasted. Even when it had diligently collected the relevant data which sounded such a serious warning, the Government still paid no attention at all. In passing, I must thank Mr James TIEN for leading the Liberal Party's opposition to the resumption of the Second Reading debate of the bill to implement Article 23 of the Basic Law at that time, so that Hong Kong was spared from a major crisis.

In fact, individual Policy Bureau has already started to conduct its own policy research, with annual funding allocation ranging from several millions of dollars to 10-odd millions of dollars. For instance, the Food and Health Bureau has conducted studies in consecutive years on Secretary York CHOW's favourite subject of anti-smoking, including the impact of anti-smoking efforts, how to implement tobacco control, and so on. The Education Bureau has also conducted studies on special learning needs and how to implement small class teaching. Upon completion, reports of these studies have been made public and also discussed by the relevant Panels. We can witness the whole process of whether such reports have been translated into government policies. As both the Legislative Council and non-governmental organizations can get hold of these reports, it has helped escalate the relevant discussion to a more rational level. However, as just mentioned by several Honourable colleagues, the CPU has now become a training centre for children of senior cadres and the second generation of the officials in power. More than \$80 million was spent on some misleading

public opinion surveys; yet the data it collected were completely disregarded by the Government. The funding allocation of \$80-odd million is wasted completely.

As the CPU is funded by public money, the studies conducted must be in line with public interest, thus its agendas as well as the scope of research must be drawn up with public involvement and participation. However, the current situation is really like a black hole. The CPU is now working like a private tool of the party, even though its funding comes from taxpayers. Moreover, the researches conducted by the CPU have resulted in unfair arguments between the Government on the one side, and non-governmental organizations, political parties as well as academics on the other. Hence, the funding of \$80-odd million can be put to better use if tertiary institutions and non-governmental organizations are allowed to apply for such funds to conduct researches, with the requirement that the data collected and the reports of researches conducted with public money should be made available for public information and discussion. That should be the correct approach. This arrangement is much better and more in line with public interest than that under the Research Endowment Fund (which was set up with an endowment of \$18 billion) where annual interest income of some \$100 million to \$200 million from the Fund is granted to meet research funding applications made by tertiary institutions.

Thank you, Deputy Chairman.

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

(No Member indicated a wish to speak)

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Deputy Chairman, Mr WONG Yuk-man's proposed amendment to the Appropriation Bill 2012 seeks to reduce head 142 by \$85,760,000, which is equivalent to the total estimated expenditure of the Central Policy Unit (CPU) in 2012-2013. The SAR Government opposes this amendment.

The work of the CPU includes: conducting researches on public policies, drafting policy addresses, analysing community concerns and public opinions,

undertaking work for the Hong Kong Guangdong Strategic Development Research Group, undertaking research in relation to Hong Kong's participation in the National 12th Five-Year Plan, and providing secretariat support for the Commission on Strategic Development.

In fact, policy research undertaken by the CPU covers a wide scope spanning the social, political and economic spheres. Seminars, conferences and forums have also been organized by the CPU periodically, and local, Mainland and international scholars, experts, officials and businessmen have been invited to take part. As such, the CPU is an important platform of communication between the SAR Government and scholars, experts as well as think-tanks both locally and internationally.

To promote public policy research in higher-education institutions, the CPU is also responsible for the Public Policy Research Funding Scheme and the Strategic Public Policy Research Funding Scheme. A total of \$20 million in recurrent funding is allocated for these two schemes annually.

The CPU's work serves to provide important reference to the Government's administration, particularly in respect of the planning of long-term policies, the co-operation between the Mainland and Hong Kong, as well as the direction of social and economic development. Mr WONG's proposal to cut the annual estimated expenditure of the CPU is unreasonable.

Some Members have specifically mentioned that the CPU could not perform its functions, while individual Members said that the CPU should be disbanded. In fact, the major function of the CPU is to provide advice to the Chief Executive, the Chief Secretary for Administration and the Financial Secretary. A wide range of work is also undertaken by the CPU, and as I highlighted just now, these include conducting policy research, drafting policy address, assessing and analysing public opinions, undertaking joint researches with the Mainland, and so on. As such, I do not think it is appropriate to propose an amendment to the Appropriation Bill to abolish the CPU. It is also not conducive to enhancing the standard of research.

Some Members also said that the CPU had yet to complete its study on the sustainability of the existing three-pillar retirement protection model. I would like to respond briefly to this point. The CPU has been conducting studies on issues of public concern for reference by the Administration in formulating

policies. The CPU has also looked into the subject of Hong Kong's retirement protection system, that is, the sustainability of the three-pillar model. Between 2007 and 2010, five related studies had been completed. Overall speaking, the findings of these studies show that the three pillars under the current retirement protection model in Hong Kong are complementary to one another, and would continue to be so in future. The CPU is now working jointly with the Labour and Welfare Bureau as well as the Financial Services and the Treasury Bureau to conduct a territory-wide household survey on retirement planning and the financial situation of the elderly. It aims to understand the latest economic situation of the elderly in Hong Kong and their retirement plans. Initial results of this survey, which covers 10 000 households, are expected to be available at the end of 2012 at the earliest, so that detailed analysis in the relevant policy areas can proceed. We must stress that retirement protection is a highly complicated policy issue with far-reaching consequences. A relatively long time is required for the relevant Policy Bureaux and the CPU to conduct the said household survey, collect first-hand data and all sorts of related information, and to analyse a substantial amount of documents.

I hope the above reply can help Members assess the work of the CPU over the years through an equitable and comprehensive perspective.

Deputy Chairman, I so submit and implore Members to oppose the amendment.

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr WONG Yuk-man be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

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

(During the ringing of the division bell, THE CHAIRMAN resumed the Chair)

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG, Dr Joseph LEE and Mr CHEUNG Kwok-che voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Ms LI Fung-ying, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Prof Patrick LAU, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou voted against the amendment.

Mr Paul TSE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Audrey EU, Mr Ronny TONG, Ms Cyd HO, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr Albert HO, Mr Fred LI, Mr James TO, Mr LAU Kong-wah, Mr Frederick FUNG, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Mr KAM Nai-wai, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin and Mrs Regina IP voted against the amendment.

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

THE CHAIRMAN announced that among the Members returned by functional constituencies, 19 were present, three were in favour of the amendment, 15 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, 10 were in favour of the amendment and 12 against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MS AUDREY EU (in Cantonese): Chairman, I move to reduce head 142 by \$906,615 in respect of subhead 000 to deduct an amount equivalent to the expenditure of three months' emoluments for the position of Financial Secretary.

Chairman, this year's Budget is the last one prepared by the Financial Secretary in his term. Of course, we have no idea whether or not he will continue to serve as the Financial Secretary or in any other position in the new Government. However, I think it is now time to appraise his performance in his term as the Financial Secretary, and I propose today to reduce his emoluments for the next three months, that is, April, May and June. This can serve as a small footnote to his performance during his term of office.

At the beginning of the meeting this morning, the leader of the Civic Party, Mr Alan LEONG, has already moved a motion which seeks to reduce the emoluments of the Chief Executive Donald TSANG, for the next three months, that is, April, May and June. The main reason for his proposed amendment is that Mr Donald TSANG really has not "got the job done". Of course, he has also cited many other reasons but I am not going to repeat the Chief Executive's case here. Nevertheless, in fact, the same reasons apply to the motion proposed by me to reduce the emoluments of the Financial Secretary, John TSANG, for the

next three months. The main test or justification is whether or not he has "got the job done".

Hong Kong is a highly developed economic city and its economic performance is evident to all. The Financial Secretary, John TSANG, is also proud of it. This year, in his last Budget, he summarized his work in the past five years by saying that the people of Hong Kong rose to the difficulties with perseverance and flexibility. It has enabled Hong Kong to ride out the financial turmoil safely and stage a swift rebound well in advance of other economies. Moreover, Hong Kong has shown consistently outstanding economic performance, with a cumulative growth of 21% and won AAA credit rating. However, Chairman, the fruits of economic prosperity have only fallen into the hands of a small group of people.

The principal task of the Financial Secretary is to examine how to distribute the fruits of financial or economic growth to various strata of the society in a more impartial and equitable manner through the Budget each year. However, if we look at the analyses of the mass media, for example, according to the statistics of 2006, if the 7 million people in Hong Kong were divided into 10 decile groups, the 700 000 people with the highest income accounted for 40% of the total income of Hong Kong and 700 000 people with the lowest income are the grassroots who are totally inconspicuous. Their income accounted for only 1% and their median income was only \$2,250. Therefore, Dr WONG Hung once said to the media, "Today, workers are living on the crumbs that have slipped through the gaps of the fingers of the rich."

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

The other side of our robust economic development is that a serious problem of uneven wealth distribution is concealed. As the report of the United Nations Development Programme points out, the Gini Coefficient of Hong Kong is 43.4, ranking first in terms of wealth disparity among advanced economies in the world. Moreover, if a Gini Coefficient exceeds 40, it has reached the alert line. That means the polarization of the rich and the poor in Hong Kong has already reached "conditions conducive to social unrest and conflict".

In fact, Premier WEN has also talked about the problem of deep-rooted conflicts. In Hong Kong, we often hear such terms as "antagonism towards the rich" and "property developer hegemony". All these terms have become very popular during John TSANG's term, reflecting the fact that the problem of wealth disparity has been deteriorating in the past few years. One of the problems, which is also a focal issue with regard to this Budget, is whether people called the "N-nothings" have been taken care of.

Hong Kong's situation is not like that in third-world countries, where people are starving because of poverty. Often, the Government says that so long as there is economic growth, members of the public can then benefit from it and share in the fruits of prosperity. We can see that the Budget may propose to give the grassroots and low-income people living in public housing and receiving Comprehensive Social Security Assistance (CSSA) "double-pay" or two months' rent waiver, so it can be said they are also taken care of.

However, apart from this group of people, a considerable number of people insist to be self-reliant and do not wish to receive CSSA despite their meagre income. They do not have a stable job and very often, they only have part-time jobs or work as casual workers, so they cannot make their ends meet at all. If they pay rent to get a place to live in, they have no money to buy food. Some people may say that it does not matter because there are food banks. However, water and electricity are needed for cooking and water charges and electricity tariffs are also very high. Therefore, very often, these low-income people can only live on dry provision.

Looking back at the relevant statistics, in general, to meet the basic needs in living, a household must have an income of no less than \$3,250. According to the statistics provided by the Census and Statistics Department, half of the households in Hong Kong had an average monthly expenditure between \$4,500 and \$18,499 in 2009-2010. In other words, the average monthly minimum expenditure of households in Hong Kong should be about \$4,500. If a household's income is lower than this amount, there will be difficulties in meeting such basic needs as food, clothes and accommodation, not to mention paying taxes or owning a property. Therefore, to this group of people, all proposals put forward by the Financial Secretary, such as tax refund, rates reduction, or even electricity tariff reduction cannot benefit them.

People called the "N-nothings" do not receive CSSA nor live in public housing, and they do not pay electricity or water charges, so they cannot benefit from the Budget. Therefore, after the release of the Budget, the pro-democracy camp actually requested a meeting with the Financial Secretary and one of the demands raised was to take care of the "N-nothings". However, the Financial Secretary was not willing to meet us. He also knows that this is a problem. Therefore, the Chief Secretary for Administration Stephen LAM jumped the gun by declaring that the Community Care Fund would take care of these people and propose a one-off grant of \$2,000 to them.

Subsequently, the Community Care Fund held meetings to discuss the proposal and considered the amount too small. It proposed that the amount should be based on the number of people in a household, that is, an amount of \$3,000 be paid to one-person households, \$6,000 to two-person households and \$8,000 to three-person households. It is estimated that it would cost only \$80 million to \$90 million to take care of 28 000 people. This is obviously not a huge sum. Moreover, these people have to apply and provide proof of income for three months. I gather that the proposal would only be passed in May and implement in September at the earliest. Of course, it is better to be late than never. We in the Civic Party certainly welcome this measure taken by the Community Care Fund as the existence of the "N-nothings" is recognized for the first time. In the past, whenever we asked the Government about how to take care of the "N-nothings", its reply was always that it did not have the figures in this regard. Therefore, with this "first time" experience, I hope the Government's future policies and other measures would also take better care of them.

However, what I wish to say is that it does not mean that the Financial Secretary has done his job. The care provided by the Community Care Fund is certainly part of the Government's measures but it cannot be said that the Financial Secretary has thus already done his homework. We have also raised another issue, that is, the Work Incentive Transport Subsidy Scheme. The mainstream opinion in the Legislative Council is that a "dual-track approach" should be implemented, that is, an applicant can choose either to be means-tested individually or on a household basis. However, the Government insists on using the household as the unit of application. The income ceiling for a one-person household is increased from \$6,500 to \$7,300. However, if a household has more than one person who works, the ceiling may easily be exceeded. From the

latest number of applications received by the Government, it can be seen that since the implementation of the scheme, the number of people benefiting from the scheme is far smaller than the Government's original estimate. Initially, the Government estimated that 430 000 people would be eligible, 210 000 of them would apply but in the end there may only be some 20 000 cases. Moreover, the transport subsidy is not available to job seekers. Therefore, it is very difficult for this scheme to complement Government's efforts to encourage the public to become employed.

Let us look further at other problems in Hong Kong. We have been talking about some of them for many years. However, the Financial Secretary has still not done anything about them. For example, we say that the Financial Secretary has the duty to give a clear account of each year's budget by stating what the appropriate level of fiscal reserve is. Otherwise, it would be just like what the Financial Secretary, John TSANG, often says: The more the reserve, the better. However, there are also problems with "the more the reserve, the better", that is, the annual recurrent expenditure would be compressed. As a result, many things that ought to be done are not done, for example, the implementation of small class teaching in secondary schools, increasing the number of homes for the elderly or residential care homes for the elderly, and so on. There are problems that have been discussed for years. However, the Government has remained impassive no matter what.

We have also talked about another problem with the Financial Secretary for many years, that is, he made wrong calculations every year. Each year, he would overestimate the expenditure and underestimate the revenue. Of course, the upper and lower ceilings varied each year but in general, the figures were shocking. Therefore, this is also one of the reasons for deducting the emoluments for the Financial Secretary.

When speaking on the Central Policy Unit (CPU) earlier, many Honourable colleagues have also mentioned universal retirement protection. In fact, the pro-democracy camp really thinks that the Financial Secretary has the duty to consider this issue from a long-term perspective. Though the problem of an ageing population has been discussed for many years, all that the Government has said is the three pillars, and we have kept pointing out that the three pillars cannot solve the problem of an ageing population. A long-term planning is needed. Be it the CPU, the Government as a whole or the Financial Secretary, they are all

duty-bound to conduct studies on universal retirement protection and the problem of an ageing population; they should then publish the information of the study, so that all of us can discuss how to make long-term plans. However, each year the Financial Secretary did not do anything about this. Therefore, after the Financial Secretary had released the budget each year, various political parties (including the Civic Party) would ask him why he would always bestow such petty favours as handing out candies immediately instead of making long-term plans. In particular, each year, when it was found that the coffers are overflowing with money, the Financial Secretary has the duty to implement or initiate long-term studies. However, all along, although his five-year term will soon expire, the Financial Secretary has all along failed to do this.

There are also some individual policies about which I am very concerned. For example, why does the clean air fund not commit its money to cleaning up the air? In addition, Miss Tanya CHAN is often worried about conservation issues and has proposed the establishment of a conservation fund. These things have been talked about for many years but John TSANG has never paid heed. Now, there are only three months left in his term. We in the Civic Party only propose to reduce his emoluments for three months. I really think that there are many inadequacies in his work throughout his term. Reducing his emoluments for three months is just a very small footnote. Here, I call on Members to support my amendment. I understand that the Democratic Party will ultimately support the Budget but I hope they would support my amendment to reduce his emoluments for three months because I think that even if one really supports the Budget, (*The buzzer sounded*)

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

MS AUDREY EU (in Cantonese): one should support this amendment to reduce the emoluments. Thank you, Deputy Chairman.

Ms Audrey EU moved the following motion:

"RESOLVED that head 142 be reduced by \$906,615 in respect of subhead 000."

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

MR WONG KWOK-HING (in Cantonese): Deputy Chairman, we do not support this amendment moved by Ms Audrey EU because our stance is that we should not easily reduce an employee's pay for the slightest reasons. Of course, the Financial Secretary is a high-class "wage earner". However, be it high class or low class, in general, we think that reducing pay casually is absolutely unacceptable. As there are only a few months left in the current-term Government, a very important task at present is for the current Government to make proper preparations for the convergence with the next Government and maintain economic stability, so as to safeguard people's livelihood and ensure a smooth transition from the old to the new Government. This is the greatest concern and in the best interest of members of the public at present.

In addition, I also want to talk about two issues in which the Government has responded to the public aspirations expressed and reflected by me before the voting today. For this reason, I would like to take this opportunity to talk about them and put them on the record.

Regarding the first issue, commercial tenants in the municipal markets throughout Hong Kong are very concerned about whether or not the Government will increase the rent in the new financial year. They are also very concerned about issues relating to their new tenancy agreements because originally, the Government intended to charge the market rent in new tenancy agreements for markets. The commercial tenants in municipal markets in Hong Kong, Kowloon, and the New Territories have already expressed their strong opposition. On these two points, last week, I asked the Food and Health Bureau follow-up questions and received a positive response from the authorities. Subsequently, I also wrote to the Bureau to ask for a confirmation and eventually, the authorities undertook to freeze the rents for all existing government municipal markets in Hong Kong until the end of this year when new proposals will be put forward. I also understand that the current Government's term ends on 30 June, that is, there are just a few months left. It is not possible to extend the rental freeze. Nevertheless, no matter what, I hope the authorities can understand that inflation is a very serious problem at present. If there is an increase in rents for government municipal markets, eventually, "the fleece comes off the sheep's back" and it will pose difficulties to commercial tenants in their operation and the

costs will be transferred to consumers. Consumers will be very miserable. Therefore, the authorities undertook to freeze the rents for all markets till the end of this year. I hope that if the Government has any new proposal, it must consult commercial tenants and listen to the views of the Legislative Council first.

Second, in response to my request, the Government also undertook to maintain the *status quo* of the current tenancy agreements for markets until there are new proposals. Since each commercial tenant moves into markets in different months, their respective tenancy agreements were signed at different times and in different months. I also sincerely hope that when entering into new tenancy agreements, the Administration will first consult commercial tenants and the groups to which they belong, no matter there is a change of government or not, and then consult the Legislative Council instead of implementing new tenancy agreements unilaterally because this will arouse even greater reaction and dissatisfaction. If rents in markets are increased drastically, this will make the public at large bear immense inflationary pressure. I hope the Government can pay serious attention to this. Since the Financial Secretary has said that the present economy is not very promising, I hope the Government can be more understanding to the situation of the public.

What I have just said are related to the first issue. Regarding the second issue, I have to take this opportunity to thank the Secretary for the Civil Service, Miss Denise YUE, for honouring her undertaking. Before voting on the Budget today, the Government announced the implementation of five days of paid paternity leave for civil servants starting from 1 April. A few weeks ago, I joined the staff associations of the Civil Service and Dr PAN Pey-chyou, who is a Member of the Hong Kong Federation of Trade Unions, to meet the authorities to reflect the views of the staff associations of the Civil Service and the findings of our investigation. We sincerely hope that the Government can do a good job in implementing paternity leave as early as possible. Today, the Government announced the implementation of five days of paid paternity leave from the first day of next month. We welcome this and are grateful to Secretary Denise YUE for honouring her promise.

I also wish to take this opportunity to urge the Government to expedite legislating on paternity leave, so that it can be implemented territory wide. However, I think that in the meantime, subvented organizations should also follow the policies implemented by the Government on the Civil Service as they

are also funded by public money. However, according to the findings of our investigations, 99% of them do not intend to introduce paid paternity leave at the same time as civil servants. Their stance is rather passive, so this depends very much on the intention of the Government. Now, the Government has finally implemented paid paternity leave, I also wish to take this opportunity to urge our subvented organizations and welfare organizations to follow the Government in implementing paid paternity leave.

Deputy Chairman, having said all these, I also wish to take this opportunity to urge our President of the Legislative Council, who is not present at the moment, to pay attention to the fact that our Secretariat has also not taken the initiative to implement paid paternity leave, even though the Legislative Council Secretariat is also a publicly-funded organization. Therefore, I also call on the Legislative Council President to pay attention to this situation and urge the Secretary General of the Legislative Council to take actions, so that our colleagues in the Secretariat are also entitled to paid paternity leave. It is hoped that they can share the fruits of success at the same time from 1 April.

Deputy Chairman, my speech ends here. I do not agree with Ms Audrey EU's amendment. Thank you.

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

MR ALAN LEONG (in Cantonese): Deputy Chairman, the more remote reason for proposing this amendment by the Civic Party is that the Government has never taken proper measures to deal with the deep-rooted conflicts, including setting a poverty line, so as to bring the poor into sharper focus. In the term of the Financial Secretary, wealth disparity has been widening and the problem of the poor elderly has also been deteriorating. As for the more immediate reason, as Ms Audrey EU has said, the Budget has totally overlooked the "N-nothings" and disregarded their difficulties. While the coffers are being swamped by so much money, the Financial Secretary's relief measures only cater for a selective group of Hong Kong people, including for the rich, and the "N-nothings" are left to languish on their own.

The Financial Secretary also did not increase long-term expenditures for healthcare or welfare. As the Deputy Chairman should also be well aware, the waiting time for a place in centres for people with intellectual disabilities is often five or six years. Each year, thousands of elderly people went to heaven while waiting for a place in residential care homes for the elderly, residential care homes or homes for the elderly. All these are the terrible truths. Hong Kong people come to realize that the Financial Secretary is either a miser who has no philosophy whatsoever in fiscal management and only engages in such empty talks as "keeping expenditure within the limits of revenues", taking stop-gap measures only when public grievance is so strong that it must be addressed, or his philosophy in fiscal management is diametrically opposed to and runs completely counter to the needs and thinking of the public. No matter what the case is, he has not done his job well. Therefore, the Civic Party proposes to deduct the emoluments for the last three months of his service.

Mr WONG Kwok-hing said that he did not support the casual deduction of employees' pay by employers, but this is not a case of an employer deducting an employee's pay casually. He is not a casual employee but an official having great power in Hong Kong's finance. Of course, our proposal today is a kind of political statement, a statement to express our attitude towards the failure of the Financial Secretary in dealing with the deep-rooted conflicts in Hong Kong properly, providing an environment for Hong Kong people to live and work in contentment and giving the elderly a sense of security and a sense of belonging. This is not an ordinary labour relationship, so the analogy is inappropriate.

Deputy Chairman, in this amendment, Ms Audrey EU has already stated the stance of the Civic Party and last week, during the debate on the Budget, a number of Members from my political party had also expressed their dissatisfaction with the Budget. As explained by Ms Audrey EU just now, the Civic Party had talked to the Financial Secretary long ago, requesting him to take remedial measures on the lack of attention for the "N-nothings". We also proposed the adoption of a "dual-track approach" for the Work Incentive Transport Subsidy Scheme and asked him to deal with this matter properly. However, it looks as though the proposal of a "dual-track approach" is like a clay ox plunged into the sea and not the slightest feedback has been made.

As regards the attention given to the "N-nothings", last week, we learnt initially from the Chief Secretary for Administration, Stephen LAM that tenants

living in partitioned cubicles, "sub-divided units" or bedspace apartments would be taken care of. Yesterday, according to the television broadcast, he said that the Welfare Sub-committee under the Community Care Fund had discussed the grant of a one-off rental subsidy for the "N-nothing" families, the amount being \$3,000 for singletons, \$6,000 for two-member families and \$8,000 for families with three members or more. This seems to be the idea being mooted but the details are not known. How can families living in cubicle apartments be located? How can people living in bedspaces be located? I have no idea.

The Civic Party has said long ago, if the "N-nothings" are being taken care of through the Community Care Fund, it implies that the authorities start to recognize the existence of this group of people, hence why not go one step forward to set up a database for the "N-nothings"? In fact, we just need to set down a set of objective criteria for people to be classified as the "N-nothings". For example, people without any private residential property; people being on the Waiting List for public rental housing (PRH) but yet to be allocated a PRH flat; people not receiving Comprehensive Social Security Assistance (CSSA); people not having to pay any electricity tariff, and so on. The "N-nothings" who meet these criteria can register on their own accord and a database can be set up once and for all. Deputy Chairman, we have proposed earlier that the Waiting List for PRH can be passed to the Social Welfare Department to cross-check how many people on the Waiting List are non-CSSA recipients and it would be a starting point. However, the Director of Housing told us that this would not work because the information was under the protection of the Personal Data (Privacy) Ordinance and the particulars of the PRH applicants could not be used for compiling a list for the purpose of introducing financial relief measures.

Instead of making the measure neither fish nor fowl, if the Government wants to implement these measures, why not set up a database of the "N-nothings" through the Community Care Fund? Why not take such a meaningful step? I do not wish to see that the Government merely wants to muddle through, just paying lip service with regard to taking care of those living in "sub-divided units" or bedspace apartments. At present, the amounts proposed by the Government — \$3,000, \$6,000 or \$8,000, are just a concept being mooted. We have no idea how it will be implemented. The Government has given no response whatsoever to the request of setting up of a database for the "N-nothings". The Civic Party considers this to be a reaction completely devoid of sincerity. If one wants to get the five votes of support from the Civil Party with this trick, I am afraid its plan would not work at all. This is because I

completely do not think that such a response is enough to cater to the needs of the "N-nothings". I wish to make it clear that we will not be swayed by this kind of comments that are neither fish nor fowl and devoid of policies, details or contents.

Deputy Chairman, of course, we hope very much that the Financial Secretary can learn a lesson from the painful experience of the past. If, he can really take care of the "N-nothings" in the days to come and respond to the request for a "dual-track approach" for the Work Incentive Transport Subsidy Scheme, I believe that there will surely be ways to continue to pay him his salary. Therefore, today, I really want to call on Members of this Council to declare their positions clearly — John TSANG, you have not got the job done and the emoluments for the last three months of your term will be deducted. I so submit.

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

(No Member indicated a wish to speak)

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy Chairman, Ms Audrey EU's speech just now has reflected her views on the Budget. In fact, the Government has already given its responses to these views on many occasions, so I am not going to repeat our arguments here.

Earlier, when speaking on behalf of the Administration in response to the Mr Alan LEONG's amendment, I have pointed out that it is both inappropriate and unreasonable for a Member to propose an amendment when deliberating the Appropriation Bill in an attempt to cut the emoluments for the officials concerned. The Administration opposes this amendment.

Thank you, Deputy Chairman.

DEPUTY CHAIRMAN (in Cantonese): Ms Audrey EU, do you wish to speak again?

MS AUDREY EU (in Cantonese): Deputy Chairman, I wish to respond to the comments of Mr WONG Kwok-hing and the Secretary just now. However, before I respond specifically to their comments, I wish to point out that the situation in the Legislative Council Chamber today can be described as odd. In fact, we have to deal with many highly important amendments today but only a few Members are present. Some Members may say that it does not matter if there are only a few Members present because Members will listen to the proceedings of the meeting in their offices upstairs and will come to the Chamber to speak when necessary. In the past, when such important debates were held, many Members would take turns to speak and very often, various political parties would also arrange to have at least one Member speak on each amendment, so as to explain the stance of his or her party. However, it is odd that today, it is very quiet in the Chamber. Not only are Members absent, but also they even do not bother to speak. On a number of highly important amendments, Members only press the buttons to vote. As to why they oppose the amendment or abstain from voting, they did not offer any explanation. This is what I find special today.

Take this amendment being debated by us as an example, the Financial Secretary has served for five years, and in these last three months of his term, we want to review his performance in those five years. And we found that his performance is really not satisfactory. We do not have to elaborate in great detail. We only have to review the annual budgets released by him. Each year, Honourable Members would speak on why they support or oppose the budget or they would tell in what areas the Financial Secretary had done a good job or had made mistakes; they always have justification to back them.

Now, when we sum up his performance in these five years, we find that there are really many inadequacies and shortcomings. Mr Alan LEONG and I have cited many examples in our respective speeches just now. However, there are no Members who spoke for the Financial Secretary in this debate, apart from Mr WONG Kwok-hing who raised a few points just now. However, in fact, the greater part of his speech was to give an account of what he succeeded in campaigning for rather than commenting on the performance of the Financial Secretary. I find it odd that, generally speaking, there are always some queries, rebuttal or debate on differing views but today, there is none whatsoever. Many Members have become button-pressing machines who only show up in voting and they even do not have to explain their stance in respect of the relevant debate.

I find that today, only Members seated in these few rows have spoken and other Members have disappeared. I wonder if this is just like what I said at the beginning, that is, many of them think that the current Government is already a sunset Government and something of the past. Therefore, all people only care about covering news of the Chief Executive-elect. As regards whether the emoluments for the Financial Secretary and the Chief Executive should be reduced, they would at most only press the buttons to lend their support in voting, and they do not bother to put up any defense for them anymore. Therefore, no Member speak in defense of the officials, even the Secretary's speech just now was so short that it contained less than 50 words in total. He only pointed out very briefly that a reduction of emoluments was inappropriate and unreasonable.

What Mr WONG Kwok-hing pointed out in his speech was only that we should not deduct an employee's emolument casually, as pay reduction for the slightest reason is not right. Honestly, the functions of the Legislative Council are to monitor the Government and examine whether public funds are well spent. Mr John TSANG is an official under the accountability system; he is not an ordinary employee. He is the highest controlling officer of public funds, responsible for publishing the budget each year and stating clearly how much public funds are available for our use. Regarding his inappropriate performance, for example, the problems of deep-rooted conflicts and wealth disparity, which are known to every Hong Kong people, we must ask and assess if he has done anything to practically alleviate these problems during his five-year term. Moreover, he cannot just play the role of a coffers keeper each year and even for that role, he has still failed to perform his role appropriately, because the estimates he made on expenditure were way off the mark.

In addition, we think he cannot simply play the role of a coffers keeper, he should also make long-term planning. How much achievement has he made in this regard? It can be said that there is really none. Therefore, no matter in which aspect, his performance is unsatisfactory. For example, in the area of taking care of the elderly, which was mentioned by him just now, and in the various aspects raised by me, such as conservation and keeping the air clean, the Secretary did not deliver any result. Even up to now, on the implementation of a "dual-track approach" for the Work Incentive Transport Subsidy Scheme, he has still not given any undertaking which Members have been campaigning for. Regarding the issue of the "N-nothings" mentioned just now, the relevant

proposal was put forward by the Community Care Fund in the last minutes after deliberation, before voting on the Budget today.

We think the problem is that the Secretary has not done a proper job and that is why we have to reduce his emoluments for the last three months. Reducing only three months' emoluments for his five-year term is really very reasonable. I do not understand why the Secretary still said that this was not reasonable. As Legislative Council Members, if we fail to do something in this regard, how can we be accountable to members of the public? The Secretary said that this course of action was inappropriate. Then, as Legislative Council Members, how should we express our dissatisfaction with the Financial Secretary's failure in doing a good job in relation to the Budget? One should bear in mind that even though we made a request to meet him, he turned down our request.

Mr WONG Kwok-hing indicated that the next three months are very important as it is the transition period for the two Governments and that a smooth transition must be ensured. Therefore, the Financial Secretary's emolument cannot be reduced. Not really. Mr WONG Kwok-hing, do you think that if Financial Secretary John TSANG does not receive any emoluments for the last three months of his term, he does not have to perform his duties? Actually, it is not so. He has to serve until 30 June. We are not asking him to stop his work. We just think that, given his under-performance in the past five years, we are obliged to propose an amendment to reduce his emoluments for three months to express our dissatisfaction with his performance. This is the monitoring that we must carry out as Legislative Council Members and it is also our duty. However, today, I really find it most regrettable that I could not see any Members put up any defence or offer any explanation for the Financial Secretary. Perhaps, Members know full well that the Financial Secretary has really not done a good job and there is nothing that can be said in his defence, so they can only act as a button-pressing machine as usual and vote in support of the Government at the appropriate time. I think this is the most painful thing in being royalist Members.

Deputy Chairman, I have already pointed out in my speech just now that I know the Democratic Party accepts the contents of the Budget, so I will give my support. However, they have expressed their dissatisfaction with the budgets of the Financial Secretary over the years and cast votes against them in the past. In

view of this, coupled with the fact that my demand to reduce his emoluments for three months is proposed on the basis of the inadequacies during his five-year term, I implore Members in the pro-democracy camp to support this amendment. Thank you, Deputy Chairman.

MR LEUNG KWOK-HUNG (in Cantonese): Deputy Chairman, I support this amendment.

Why do we have to cut his pay? This is really a shame. Mr WONG Kwok-hing said we should not cut the pay of "wage earners" without due consideration. It will be great if his group, and that is, the royalists, had acted the same way when dealing with civil service pay cuts back then. At that time, they gnashed their teeth that civil service pay cuts must be made, otherwise it would be unfair to everyone, but what had civil servants done to deserve that? His logic was since the pay of "wage earners" had been cut, civil servants must not be spared. I really fail to appreciate such logic. Is John TSANG an ordinary "wage earner"? He is an official of the imperial court, appointed by his "sworn brother" Donald TSANG to work for us, so how come he is just a "wage earner"? What on earth is WONG Kwok-hing talking about? Is he insane? So, John TSANG turns out to be a "wage earner". I really want to ask Prof K C CHAN, is John TSANG a "wage earner"? Is he just a "wage earner" like any other salary earner? He is certainly not. I do not understand why he has to support John TSANG in such a roundabout manner by inventing all sorts of excuses.

A year ago, everyone pointed their fingers at John TSANG and said they would not vote in favour of the Budget if he did not give "cash handouts". He was condemned by everyone, but eventually he managed to gather a group of "civil and military Members", not "civil and military officials" under his command John TSANG was really very crafty, he said that if he were to take a leaf out of "Long Hair's" book to give "cash handouts", all Members of the royalist camp should stand behind him, only then would he amend the Budget unprecedentedly. This alone is worth all the hassle. Given that you have to ask him to amend the Budget, please tell me whether there has been any dereliction of duty? This is one of the reasons.

There is no doubt that the Financial Secretary is not a coffers keeper but a member of the entire government team, and he has to allocate funds whenever the Government wants to do something. It is as simple as that. The Government has allocated \$70 billion in the hope of coaxing public support for healthcare insurance, but the money has been set aside and could not be used for reasons unknown. It is surprising that things could have gone that far. We asked him to allocate \$50 billion to help the elderly. Since the \$70 billion could not be used, it would be better for him to simply admit that he has estimated wrongly. As \$70 billion was not attractive enough to enlist public support for healthcare insurance, the plan could not be implemented. He should admit that he is wrong, slap his own face three times, and then allocate \$50 billion of the \$70 billion as seed money to establish a fund to implement universal retirement protection, so as to meet the requests of the poor and Legislative Council Members. Is this feasible? Has he done so? On the one hand, the \$70 billion has been put aside; on the other, people have requested for funding but were turned down. What kind of rationale is this? Is it not true that saving lives are as pressing as fighting a fire? Assuming that Prof K C CHAN and John TSANG were sent to the Accident and Emergency department and the doctor told them that though plasma were available in the hospital, it had been reserved for Donald TSANG and could not be given to them even if they would bleed to death, would they still think that the doctor is competent?

How has he managed our finances? What is wrong with slashing his salary for three months? Frankly speaking, we should be ashamed of ourselves for although he has acted wrongly, we can neither impeach him nor force him to step down. We have been criticized for holding the "five geographical constituencies referendum" and as all Hong Kong people are under his strong clasp, we are now forced to honestly speaking, as Legislative Council Members, we are really incapable. We have acted like teachers who give students "black piglets" and "white bunnies" stamps. We would give government officials "black piglets" stamps and slash their salary for three months once they have done something wrong. We treat them like kindergarten students, if they forget to bring their handkerchiefs, cut their finger nails or wear white canvas shoes with no white shoe polish, we will record their faults, and punish them by not giving them cookies at snack times. Frankly speaking, this is really a shame. Now, we are being denounced for demanding their pay cuts. I certainly understand that this is unrealistic for they should have been dismissed a long time ago or they should have stepped down a long time ago.

Though his estimates for revenue have been wrong every time, he does not have to offer any explanations and he also does not know how to use the revenue, as in the case of the last financial year, he made wrong estimates and did not know how to use revenues. The situation has gone worse this year. Last year, he was forced to give "cash handouts" John TSANG is not present today and this alone should warrant a three-days' pay cut. Where has he gone? Has he gone to visit LEUNG Chun-ying and discuss whether he can stay on as a Secretary? Prof K C CHAN, can you tell us where he is? Is it true that he cannot bear to hear opposing views? We demanded for "cash handouts" last year but he was unwilling to do so; eventually he was forced to do so because he failed to get sufficient votes. Since all they care are votes, should we still try to reason with them? People said I was rude when I threw things at him. I said that I would throw things at him if he did not give "cash handouts", and then everyone gathered together to ask him for "cash handouts". This year, he failed to explain why "cash handouts" could not be given out like last year. Is it because the income of Hong Kong people has increased or because they have become very rich after the implementation of minimum wages and there is no need for "cash handouts"?

He has wrongly estimated our revenue, so why not give money to poor people? As for those who are rich, those who have to pay rates — to put it more plainly, those who have to pay a huge amount of rates — or those who have to pay salary taxes, they will get rebates even after taxes have been paid. What kind of logic is this? After all, is he making up for shortages at the expenses of surpluses or replenishing surpluses at the expenses of shortages? It should be the latter. Some \$30 billion were handed out last year and it seems that he is taking revenge by making certain that no cash will be handed out this year. He could not care less whether you die or suffer; he said that the Government is restricted by a threshold and cannot give "cash handouts" at will for money should only be given to those who have made contributions. What exactly is he doing? There is a great disparity in the distribution of wealth in Hong Kong and how can he possibly achieve a progressive effect by doing so? In other words, can wealth be distributed more evenly for the benefit of the poor through the Budget? He needs to give me an explanation on whether he has adopted a regressive or progressive governance principle.

He has failed to do what he has done last year and why? Is there any logic? He has no logic and no sense of shame. What is his logic? If what he

did last year was right, then he is wrong this year; and if what he does this year is wrong, then he was right last year, is that true? What is his tool for governance? Does he govern with a brain or a calculator? Does he just count whether there are 30 or 31 votes the moment he comes in, or has he really governed with his brain? In the former case, there is no need to offer him any pay, for the purpose would have been served by buying a calculator or asking those who are outside the Chamber to keep check of Members' whereabouts. If Members of the royalist camp have left the Chamber, then more time should be reserved for bringing them back to the Chamber and asking them to speak. Is that how he governs? Is that the way things are done? If so, how can we not cut his pay?

Please try to think what policies have John TSANG introduced over the past five years — of course I am not just talking about him — to improve Hong Kong's Gini Coefficient? Our Gini Coefficient has dropped to a dangerous level under their governance. It is unthinkable that the disparity between the rich and poor will become greater and greater under a Government which has enjoyed a surplus every year. Buddy, please look at me. If it were not for the fact that only 800 or 1 200 people were allowed to vote, I am afraid that he would not even be able to get any ballot stubs, if he were to run our Government.

Promises which are not honoured are only empty words. Henry TANG said during his election campaign that he would hand out \$3,000, but LEUNG Chun-ying said he is most pragmatic and would only hand out a double amount of "fruit grant" to needy people — this person is really crafty for this means that a means test will be conducted. Henry TANG boasted that he would hand out \$3,000 and LEUNG Chun-ying asked whether he was insane for how would he be able to obtain the necessary funding on 1 July, the day he first ascends to the throne. Henry TANG said Members of the Legislative Council would have the wisdom and experience, which means that we are rubber stamps. I am most happy to be a rubber stamp. I only hope that he would give the word to hand out \$3,000 to the elderly immediately, but he is unwilling to do so and have turned us down without justifications.

How do they run our Government? At a time when the current Government is just about to step down, the Executive Council has continued to ignore the doubts of Hong Kong people and approved a funding of some \$100 billion for building a third airport runway without full deliberations. How does our Government use public funds? Are the elderly not human beings?

The League of Social Democrats has made a submission to point out that even if he does not give "cash handouts", he still has to double the amount of the estimated funding for healthcare, housing and education, but has he been persuaded? Can he not give us a response?

We asked for a handout of \$8,000, but he said if the Government does not give "cash handouts", then more resources can be allocated for education. You can ask Kenneth CHEN, his funding application to the Legislative Council was rejected, for Members, including those belonging to the royalists camp, said that the application would not be approved if he could not guarantee that school fees would not be increased. If the Government really cares, it can use the several tens of billions of dollars designated for rich people on education, housing and elderly welfare. In this way, the problem can be solved, right? Are we embarrassing him now? I have to ask him why he has to allocate tens of billions of dollars to those who are richer than others. Over the past 10 years, the working class has been living in misery and poverty every day, for it is a fact that their wages have been decreasing and have failed to catch up with the inflation rate. What favourable policies has he formulated for the benefit of Hong Kong people? Have those people got a job? Have they been working? Since public funds have been wasted in this manner, why should I still allocate him any funds?

To be honest, if we employ a foreign domestic helper and ask her to iron our clothes, but our clothes are damaged in the process; if we ask her to clean the toilet and our toilets are clogged as a result, will you dismiss the helper? Will you still give her a pay rise? This is how well he has performed. We ask him to deal with the issue of wealth disparity, but he has failed to do so, and yet, he has handed out \$30 billion to those who are rich. What kind of Government is this? How can we not make him go without pay? Buddy, our moves have actually been restricted by the system, for we understand that there is no way we can ask them to step down. If there were heavenly justice and if a referendum is held on how the elderly have been treated by our officials, then he will be as frightened as LEUNG Chun-ying, and he will by then understand the power of "five geographical constituencies referendum". However, he is still adamant and said that this is meaningless. Of course, I know that this is meaningless. How meaningful is it to have such a Legislative Council Chamber? It is only like dumplings, which have been prepared in advance and left overnight. And,

even the most incapable officials will still be well guarded, so how can there be any improvements?

As such, please do not laugh at the pan-democrats and say that their actions are uncalled for, for they are only doing so to avenge for the public. Instead of laughing at us, he should lock himself up and ponder over his mistakes. If he has done well, who would have dared to make this move? Some members of the working class have even said that he is one of their own and tried to make excuses for him. I would like to ask him to recall why he has to cut the pay of civil servants (*The buzzer sounded*)

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

DR PAN PEY-CHYOU (in Cantonese): Deputy Chairman, I would like to respond to the earlier speech of Ms Audrey EU. During this debate session, Members will speak on various amendments to the motion, but everyone is less inclined to speak than last year. This is something which I have also noticed. I have also pondered over this when "Long Hair" spoke earlier.

I think there are several reasons for this situation. Firstly, it has to do with the amendments which our colleagues have moved this year, and that does not only apply to the amendment currently under discussion, but also those which have been moved earlier and those which will be moved later. I find that some amendments have been moved every year and repeatedly discussed, as in the case of the earlier amendments on cutting the annual estimated expenditure of the Central Policy Unit (CPU), and the expenditure involved in euthanasia of animals, as well as the amendment moved by Mr James TO every year on cutting all police informer fees.

Before the meeting started, I originally intended to speak on all amendments, but upon consideration, I find that I have already voiced some of my opinions last year and will not have any new points to make even if I am going to speak again this year. I do not know about other Members, but I presume that some may share my views, and that is, we do not want to be a "human recorder". If Members want the atmosphere of this debate session to become livelier and more enthusiastic, then I think those who have moved the

amendments should come up with some new ideas. I think everyone will share my feelings if the same amendments are moved every year.

(THE CHAIRMAN resumed the Chair)

Secondly, whether an amendment will arouse much discussion often depends on whether it can strike a sympathetic chord. I notice that not each and every one of the earlier amendments have been met with dead air, as if pebbles being thrown into a dry well. That is not what has happened. The earlier amendment moved by Mr WONG Yuk-man on cutting the annual estimated expenditure of the CPU is one of such examples. I find that many Members have participated in the discussions and colleagues have been eager to speak. We have even suggested that: as compared with last year, more people have spoken on this issue this year, does it mean that the performance of the CPU has really deteriorated? I hope the Government can look into this matter. In other words, if we want more colleagues to participate in the discussion, the issues of whether the subject matter is relevant and whether it can arouse the same public concern are also very important.

Let me speak on the current amendment, that is, to cut the last three months, emoluments for the Financial Secretary John TSANG. I think the Member who moves this amendment only intends to arouse discussions and invite us to comment on the performance of the Secretary in the past five years. So, I am going to think along those lines. Firstly, I think that the Financial Secretary, John TSANG is a rather dull person and marks can be taken off for his lack of cadence in delivering the Budget speech. I have listened to some of his rather long Budget speeches — the speech of this year is especially long — as I have to try very hard to keep myself awake and not to fall asleep each time, I believe that other Members may share the same feeling. I suggest that he can make some improvements in this respect by adding some cadence to his speech, if he were to serve again in the next term.

My second impression of him is that he is someone who has tried hard to do a good job. Why do I have such a feeling? Firstly, every year he would make a short video or use other methods to publicize the Budget consultation exercise and his publicity efforts have been quite original every year. Though,

he may not have come up with the ideas himself, he is, at least, willing to play along, and has also tried hard to attract the attention of young people, which I think is commendable. Furthermore, his consultation work can also be said to be quite comprehensive, for he would meet with different political parties and groups and listen carefully to their views. He would also ask questions at the meetings, such as, why do you make this suggestion, how much expenditure will be involved and have you made any estimates. This reflects that he has taken his work seriously instead of just muddling along by listening half-heartedly. As such, I think that he has intended to do a good job.

On the other hand, I think he is over-cautious. Everyone knows that whether a policy can cater for the needs of the people hinges on whether it is over planned. If a Financial Secretary is too calculating, he would turn himself into a "penny pincher", like "an abacus with a sealed bottom which allows no drop of water to seep through". As a result of his deliberations and calculations, no stones will remain unturned and there will not be any scope for allowances.

However, very often, no one can really benefit from a financial policy which is too meticulously planned and implemented. This precisely explains why sometimes no one will appreciate the proposals put forward by the Financial Secretary after he has made painstaking efforts. Let us not talk about things which had happened long ago and just focus on more current issues, like the \$6,000 which was handed out under last year's Budget. I remember that when the policy of \$6,000 was first introduced, and this is, initially in his Budget, he intended to inject \$6,000 into the Mandatory Provident Fund (MPF) accounts of the public. I believe that he had given much thought to the proposal. On the one hand, he considered that the money should not be regarded as a recurrent expenditure, and should not increase government expenditures, also a "small government" should be maintained; and on the other hand, given that the Government had a huge surplus, he should allow people to share in the surplus, but indiscriminate spending should be discouraged as that may lead to inflation. He finally came up with the idea of injecting the funds into the MPF accounts of the public after careful considerations and weighing all the pros and cons. However, he had never thought that such measure would arouse public indignation. Handing out cash to people but at the same time forbidding them to spend it freely is actually even worse than not giving them any money at all, and this has irritated the public. In fact, we also know that many people do not have

MPF accounts. This policy was actually a result of too much deliberation and too meticulously planned, hence making a negative impact on the Budget.

Luckily, Financial Secretary John TSANG finally accepted good advice. We, Members belonging to the so-called pro-establishment camp, discussed with him and told him the public sentiment. He finally accepted our advice and directly handed out the \$6,000 to all permanent residents in Hong Kong and abroad. The significance of this issue should not be underestimated, for the \$6,000 Scheme turned out to be one of the happiest events for Hong Kong people of last year.

This year, people are bound to ask why there are no "cash handouts" when we visited our constituencies and hold residents' meetings at various districts, housing estates and parks to consult the public on the Budget. I think this shows that many Hong Kong people at the grass-roots level really consider the \$6,000 handed out by the authorities as "timely assistance" from the Government. Take a family of four persons as an example, if each member gets \$6,000, the whole family will receive a sum of \$24,000. For many families, this sum is equivalent to one or two months' income, and is truly a one-off "timely assistance".

The Financial Secretary has decided not to "hand out cash" after careful considerations this year, but I would like to take this opportunity to tell John TSANG that though his decision to "hand out cash" last year was unexpected, the people of Hong Kong — I am talking about people at the grass-roots level — really welcomed this policy, though he may not be aware of that.

As such, whether we should slash the pay of the Financial Secretary, John TSANG, my partner of the Hong Kong Federation of Trade Unions (FTU), Mr WONG Kwok-hing has clearly stated earlier that we do not intend to support the proposal. This is not because we are worried that he will go hungry as a result of losing the three months' pay. We are not worried about this, but because we know that no one is perfect. In fact, the discussions we made since this morning have covered this point. No one is perfect, regardless of whether he is a Member or an official. Why is it that no one is perfect? It is because we all have our own dispositions and different life experiences; therefore, we will also have different viewpoints. Some people may focus on a certain aspect and others may focus on the other, in handling a policy. We also understand that

there will never be a perfect social policy, which has the full support of all 7 million people of Hong Kong.

Furthermore, Members have moved several motions on cutting the salary of the officials today, and I would like to tell them that this is a world in which "those who bring humiliation upon others will also be humiliated". I would like to ask Members who have moved the amendments to "humiliate the officials", do you want to give government officials and their representatives who are present today the power to vote on whether Members' pay should be cut? Should government officials be allowed to cut the pay of certain Members on the basis of their behaviours or issues which they find unacceptable?

I think the officials would be very happy if they are given the opportunity to speak on such issues, not to mention be given such authorities. These are my personal feelings and I hope that the world may become more harmonious if we can look at things from different perspectives.

I so submit.

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

MR LAU KONG-WAH (in Cantonese): Chairman, Ms Audrey EU was seemingly inviting other Honourable Members who have not spoken yet to make a speech. She found it odd to have only a few Honourable Members present in this Chamber. Therefore, it is disrespectful to Ms Audrey EU if we do not speak. However, I describe the situation "odd", as Members who are not present in the Chamber have actually been listening to our speeches; this can be regarded as mutual respect.

As today's meeting started at eleven in the morning and will last until ten in the evening, it would only be alright for Ms Audrey EU to blame other Members for not making a speech if she or her party members — including Mr Alan LEONG and Dr Margaret NG who are not present — have never left this Chamber throughout the meeting. However, as Members, we have to understand that we usually have other work to do at our offices upstairs. That is especially the case after moving into this new building. When it comes to

voting, we will of course come down to the Chamber to fulfil our responsibility. However, when it comes to making a speech, we speak whenever necessary but remain silent otherwise. That is the point. Therefore, whenever I speak — even there is nobody around — I would never ask why there are no Members. I think this is blatantly disrespectful to say so.

In addition, let me tell Ms Audrey EU why I have not spoken. It is because the amendment moved by her is really very frivolous. It is meaningless to spend so much time in debating such a frivolous amendment. Therefore, she has to understand the actual thinking of other Members who are absent. Nevertheless, as Ms Audrey EU has raised such an argument, let us join the cut and thrust of this debate.

Ms Audrey EU said that officials should be punished if they have not done a good job, right? How can officials be accountable to the public if they have not done a good job? How about salary deduction? If officials should have their salaries deducted for not performing well, so as to be accountable to the public, how about the involvement of the Civic Party in the judicial review related to the Hong Kong-Zhuhai-Macao Bridge? Their volunteers offered a "one-stop" service, causing delays to the construction of the Hong Kong-Zhuhai-Macao Bridge which amounted to a loss of \$8 billion incurred on Hong Kong people. This is an actual loss of public money. This is actually the Civic Party's fault. How should we explain the loss to the public? How to translate it into action? How about deducting your salary in advance for the loss of \$8 billion? If this argument holds water, how about you, Ms Audrey EU, should your salary be deducted? How about deducting the salaries of all Members of the Civic Party?

In my view, government officials and Honourable Members are both public officers. Before pointing your fingers at government officials, please reflect on yourself and see if you are perfect. I think this is very important. The eyes of the people are clear. "Long Hair" even suggested earlier deducting Mr John TSANG's salary for not attending this meeting. However, he just leaves the Chamber once he finishes his speech. In that case, should his salary also be deducted? Speaking of salary deduction, "Long Hair" should have a larger amount of his salary deducted. Chairman, I wonder if you have visited local districts. Very often, I hear local residents query why it is possible that "Long Hair" can just leave the Chamber after throwing things and he does not need to

attend meetings. In their views, "Long Hair" earns his salary without making any contribution. Why does Ms Audrey EU not propose deducting his salary? We once proposed to impose some penalties under the Rules of Procedure, but were opposed by them. Is that fair? Therefore, for any amendment to be worthy of discussion, I think it must be acceptable not only to oneself but also to others. That is why I think her amendment is frivolous and her arguments are wrong. That is my point.

Getting back to our main topic, I think this year's Budget has basically responded to the demands of the general public and the aspirations of this Council. Why do I say so? As far as I remember, this year's Budget is very special in the sense that the Government has linked it together with the Policy Address of the Chief Executive. After the Policy Address was delivered, the public considered that it did not touch much on issues concerning the middle class. Therefore, I remember that during the consultation period of the Budget, I moved a motion in this Council, hoping that the Budget could attach importance to supporting the middle class. Many Honourable Members expressed their views at that time and we had also reached a consensus. Therefore, this Budget has responded to our demands as it focuses on supporting the middle class.

However, now that the Budget has responded to the demands of the middle class, some of our Honourable Members who voiced for supporting the middle class at that time lash out on such an idea now. Therefore, I find it very strange and odd. Certainly, we, as well as many Honourable Members present, had proposed tax rebates and rate concessions at that time. However, many Honourable Members today query the need for rate concessions. They query why we should offer concession to those rich people who own properties. That is also very bizarre. Members of the public do remember what had happened. The Budget also offers help to the grassroots. Even for those who have been left behind, as some of you here named them the "N-nothings", they can now receive assistance from the Community Care Fund. Under such circumstances, I think this Budget is worth supporting.

"Long Hair" and Ms Audrey EU hit it off quite well today. Ms Audrey EU in particular indicated that she could not see why the Democratic Party would support the Budget. However, I think the Democratic Party support it from a very pragmatic perspective. On the contrary, I cannot understand why "Long Hair" and Ms Audrey EU can hit it off so well. They both continue to take the

radical path and even oppose this Budget which is quite acceptable to most of us. Yet, that does not matter. It is necessary for us to respect other Members' views. When criticizing other people, it is more important that we have to first examine our own behavior and see whether they are in line with the public demands. Thank you, Chairman.

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

(Ms Audrey EU raised her hand in indication)

CHAIRMAN (in Cantonese): Ms EU, you will have a chance to speak again later on. I would first see if the Secretary for Financial Services and the Treasury wishes to speak again.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Chairman, I do not have anything to add.

MS AUDREY EU (in Cantonese): Chairman, first of all, I would like to thank Dr PAN Pey-chyou and Mr LAU Kong-wah for responding to my invitation to speak on the amendment because I think it is a pity if only a few Members speak on such an important issue. In his speech just now, Dr PAN said that if only the Secretary was given the opportunity to speak, he could likewise criticize the performance of Members. In fact, there is no need for Dr PAN to worry on his behalf. The Secretary does have ample time and opportunities to speak. He can reply if he wishes, and there is no time limit. But as we can see, when he was invited by the Chairman to speak in reply, he chose not to do so. Hence, there is no need for Dr PAN to worry on his behalf because he has many opportunities; he just did not want to use them.

Just now, Dr PAN Pey-chyou spoke in his typical fashion as a royalist for he always gives a big helping hand to the Government under the pretext of mild condemnation. Dr PAN pointed out that the Financial Secretary's speeches were boring as he spoke in a monotonous tone — that was the shortcoming of the Financial Secretary. As I see it, he wanted to use this twisted statement to avoid

mentioning other shortcomings of the Financial Secretary. However, I find some of his statements very interesting and laughable. When he criticized the Financial Secretary's proposal in last year's budget to make an injection into the Mandatory Provident Fund accounts, guess what he said? He said the Financial Secretary was too meticulous in his thinking — I think this is indeed some first-class commentary. There is another even more classic statement: Dr PAN described the Financial Secretary as a penny pincher, or as the Chinese saying goes, "an abacus with a sealed bottom which allows no drop of water to seep through". Just now, I wrote down the expression "which allows no drop of water to seep through". If the person, who is our Financial Secretary, allows "no drop of water to seep through", that is really quite terrible; don't you agree, Dr PAN? In particular, the public coffers are "flooded" with money right now. By saying that the Financial Secretary allows "no drop of water to seep through", do you mean to praise him or criticise him? I really think that is a bit sarcastic.

While I thank Dr PAN for accepting my invitation to speak, I hear nothing in his entire speech which responds to the viewpoints I made for moving this amendment. For instance, I pointed out that despite the problem of wealth gap has been discussed for years, nothing has been done by the Financial Secretary to improve the situation; and the problem is worsening. As a financial chief, the Financial Secretary should not assume the role of a coffers keeper. As I explained just now, a coffers keeper must make correct calculations, yet the Financial Secretary is not only wrong in calculations, he In view of the widening wealth gap, the Financial Secretary should consider all possible alternatives to achieve wealth redistribution, so as to minimize conflicts, grievances and income disparity in society. But he has done nothing in this regard. In addition, he should also start studying the solutions to various long-term problems, such as the ageing population. But again, he has done nothing. Notwithstanding the many problems I raised — not to mention the Financial Secretary's failure to take actions in specific areas — I can hear no response at all in Dr PAN's speech. If he wants to be a royalist, he should do a better job by giving more response and doing more researches.

Mr LAU Kong-wah said that although he was not present in the Chamber, he has listened to the proceedings of the meeting. If he has listened, he would know that just now, I had not criticized those Members who were not present in the Chamber. What I said was: I understood that Members were often not present in the Chamber because they had many other commitments, but strangely,

no Member spoke in the debate. Regardless of Members' voting preference, they should at least explain their stance, right? Even if the same debate had taken place previously, Members may not have to repeat their viewpoints, but at least they should state that their stance has not changed. That can be one of the approaches. What is more, my proposed amendment today has not been raised previously. My amendment today is premised on the fact that while the Financial Secretary has been in office for five years, many initiatives under his purview have not been undertaken properly. Hence, should we leave a little footnote by deducting his salary for the last three months of his tenure? This amendment has not been proposed before; hence, I find it very strange that Members who will vote against this amendment later — Members who support the Government — have not put forth their rationale. I think that is a great pity. That is why I said just now that the situation was "odd" because only a few Members have spoken in the debate.

In his speech just now, Mr LAU Kong-wah said that it was because my amendment was frivolous. I do not think so personally. Likewise, I do not think members of the general public will consider the proposal to deduct the salary of the Financial Secretary for his last three months in office frivolous. The focus of this amendment is neither the amount of money involved nor the period of three months; instead, we want to draw a conclusion on his performance in the past five years by at least voicing out our dissatisfaction as Members of the Legislative Council. The proposal to deduct his salary for three months is a very serious issue. Hence, if Mr LAU considers it frivolous, I think he, as a directly-elected Member, needs to tell the public his reasons for such a conclusion. It does not matter whether he supports the amendment or not. He can cite a lot of reasons for opposing this amendment, for instance, he may consider that the Financial Secretary has done a good job. That is quite alright. He can even say that the deep-rooted conflicts and social discontent are not important, and that the Financial Secretary has done a good job. He is free to defend and support the Financial Secretary, and that is acceptable; but he cannot say that this is a frivolous issue.

In addition, I would also like to thank Mr LAU Kong-wah for giving me another chance to explain the issue. Just now, he was talking way off the mark. He said that if the salary of the Financial Secretary was to be deducted for under-performance, the salary of Members belonging to the Civic Party should be deducted first. He was talking way off the mark, and he also mentioned the

Hong Kong-Zhuhai-Macao Bridge (HZMB). Nonetheless, I thank him for bringing the matter up because he gave me the opportunity to talk about it again. It is because they can easily fall into the Government's trap by insisting on smearing the Civic Party and alleging that our volunteers have provided one-stop services to help a citizen in the relevant litigation, causing a loss of \$8 billion on the Government's part. Of course, that is not what had happened. I have said the same thing many times before, and I welcome the opportunity to make the same statement again. It has already been stated clearly in the papers submitted by the Development Bureau that delays would invariably occur in public works projects including the HZMB. Clear explanation has been given to that effect in the papers submitted by the Development Bureau, with charts illustrating the progress, as well as the duration of delay for all works projects. For the HZMB, the project was delayed for one year, and nothing about the judicial review has been mentioned in the reasons given for the delay.

If Mr LAU wants to smear the Civic Party, he should have read the papers provided by the Government first. The Government has admitted that the HZMB project was delayed for one year, and the reasons given by the Government has nothing to do with the Civic Party or the legal case on the HAMB. Regarding this point, I thank Mr LAU for giving me the opportunity to reiterate our stance again in this Chamber. All in all, I understand that he supports the Government and opposes my amendment. But having listened to his speech, I think it is clear to members of the public who either view the telecast of this meeting or review the record of proceedings of this meeting later that he has not made any substantial response to the viewpoints I raised. Thank you, Chairman.

MS MIRIAM LAU (in Cantonese): Chairman, I would briefly explain why the Liberal Party does not support the 10 amendments today. The ideas in these 10 amendments are basically the same, that is, Members, who are dissatisfied with some officials or even the Chief Executive, propose to deduct their salaries; or they propose to deduct the expenditures of some departments due to their dissatisfaction with some government policies, such that these departments cannot operate smoothly.

I do not totally disagree with the views of the proponents on the Government. The Liberal Party does not support these proposals today, not

because we are "royalists", but because of certain principles. Mr LAU Kong-wah has just mentioned that government officials might have the impulse to deduct the salaries of those Members who do not meet public expectations due to their absence from meetings or other reasons. I do not agree to do so because if Members have not performed well, they will naturally be punished in the next election. The electors will have their own judgment and they will not vote for these Members again; that will be their punishment.

Similarly, if officials under the accountability system and even the Chief Executive have not performed their duties well, we have other forms of sanctions. For example, the Independent Commission Against Corruption (ICAC) is investigating the Chief Executive and this may be followed by prosecution. If prosecution is not initiated by the ICAC, it does not mean that the Legislative Council cannot follow up. We must take follow-up actions to see if he should be impeached for what he has done or if the matter should be handled in other ways. I think it is necessary for the Legislative Council to follow up the matter. So, we do not support the amendment involving the Chief Executive today but it does not mean that we are "royalists" or we will let the Chief Executive off. That is not our intention.

Most importantly, officials under the accountability system have to face the public. The public will have comments if these officials have not performed well. There are also other methods for the Legislative Council to deal with these officials, and we can even ask them to step down. I trust that we can do so because we are empowered under the Rules of Procedure and the Basic Law to move impeachment motions. However, at present, there are no laws specifying that we may deduct the salaries of officials under the accountability system when their performance is unsatisfactory, or if we are dissatisfied with their performance or policies. It is just our wishful thinking that we can deduct their salaries when we are not satisfied with their performance.

An interesting point in the amendments today is that the amendments proposed by different Members have different yardsticks. Some proposed deducting the annual appropriation while some proposed deducting the appropriation for three months. There is a lack of objective standard and Members simply base on their personal views in proposing amendments. The extent of their proposed deduction in funds is based on their preference. I think that is really not fair. I may not oppose the introduction of a salary reduction

system but the introduction of a new system should be subject to prior agreement, and the system can only be implemented after it has been included in the relevant arrangements, agreements or contracts. We must also lay down objective standards and should not take these actions arbitrarily.

The amendments today reflect Members' varying degrees of dissatisfaction with the Government's administration. Yet, they cannot although I am not totally against their ideas or criticisms, they cannot sufficiently convince me to support these amendments because such practice is not found in the rules of the game. The fact that Members have suddenly added in such clause has deviated from the relevant arrangements made with the Chief Executive and the officials under the accountability system.

If Honourable colleagues intend to lay down new rules, they can make the relevant proposals for detailed discussions. After a conclusion has been drawn, it can be proposed to the next term government that we should make a new rule, specifying that the salaries of officials can be deducted in accordance with certain regulation in the event of negligence of duties. As ordinary employers, we will not Honourable colleagues may not consider them ordinary employees; they are public employees because officials under the accountability system are employed by the public. Even though they are not ordinary employees, the same principle applies. In the recruitment process, both parties must agree upon and accept the employment arrangements, and salary reductions cannot casually be made because employees have made mistakes. Furthermore, there cannot be different rates of salary reduction because the cases are handled by different employers. The Liberal Party and I find this method of salary reduction unacceptable. For this reason, we do not support the 10 amendments today. Thank you, Chairman.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): Ms Audrey EU, do you wish to speak again?

MS AUDREY EU (in Cantonese): Chairman, I would like to respond to Ms Miriam LAU's remarks very briefly. First, she said that some Members have proposed deducting three months' salaries while some other Members have proposed deducting one year's salaries. I certainly cannot represent those Members who have proposed deducting one year's salaries but I can comment on behalf of the Civic Party.

Concerning the salaries of Donald TSANG and John TSANG, we can only discuss about their salaries for the next three months because they have already received their salaries for the past months. The Budget under discussion is concerned with the months of April, May and June this year as I have repeatedly mentioned and Mr Alan LEONG has also talked about this point. The Budget covers the year beginning from 1 April, and we opine that there are many reasons for deducting three months' salaries of the Chief Executive or John TSANG. I am not going to repeat these reasons, but this is not an issue of personal preference or an issue about whether six months', three months' or one year's salaries should be deducted.

Ms Miriam LAU has strangely said that agreements and detailed discussions should be made if their salaries are to be deducted, which made me completely baffled. I would like to ask Ms Miriam LAU, when have we employed the Chief Executive or Financial Secretary John TSANG? They are not employed by us and we do not have the power to enter into agreements with them even if we would like to do so. There is no such agreement between us and this is not an issue concerning agreements. The present issue is that the Chief Executive is returned by a small circle election. He then formed his cabinet and appointed officials under the accountability system, and these officials were appointed by the Central Authorities. We have not entered into contracts with them. She said that salary deductions should be made under certain agreements to be agreed in advance, which is the same as the remark made by Mr WONG Kwok-hing. Why does the Liberal Party share the same view as that of the Hong Kong Federation of Trade Unions? Officials under the accountability system are regarded as employees and their salaries cannot be deducted, unless it has been agreed in advance. Is there anything wrong? They are officials who have political responsibilities and are accountable to the public. Their five-year term of office will soon be completed but they still have many unfulfilled promises or unaccomplished work. Hence, I think that their salaries for the next three months should at least be deducted.

If Ms Miriam LAU thinks that agreements should be reached beforehand, we will never be able to do anything in this regard. This is simply not an issue concerning agreements. As Members, we should perform our functions in monitoring the Government, approving the Budget and government expenditures and ensuring that money is well spent. Perhaps Ms Miriam LAU has not listened to what Mr Alan LEONG said this morning, and I am not sure if she has listened to what I said a while ago. We have given a number of important reasons to explain why these two persons have not done the work required from them within their work portfolio. Hence, we have the responsibility to propose amendments requesting for the deduction of their salaries for three months. This is also based on the political judgment of Members.

If she considers that the Chief Executive and Financial Secretary John TSANG have done very well, she can certainly oppose this amendment. Nevertheless, I think she has to give specific reasons to explain why they have performed well. It is not that easy for her to defend them. I will really feel very strange if the reasons she gave was that salary reduction was not stated in the contracts. Has any Member or the Civic Party ever entered into an agreement with any government official? The main political issue is that we basically have a deformed political system under which the Government is not returned by the public.

Ms Miriam LAU said that poorly performed Members would be punished at election held once every four years. Candidates will only be elected if they have sufficient popular support. These amendments today are proposed because Members have the responsibility of approving the Budget or government expenditures. These amendments are definitely not frivolous as Mr LAU Kong-wah has described. Members may have divergent views and they may cite different reasons. Yet, to cite contract agreement as a reason is laughable. I have known Ms Miriam LAU for many years and as a member of the legal profession, she should understand very well what agreements are. This is absolutely not an issue concerning agreements but an issue about political accountability.

Thank you, Chairman.

CHAIRMAN (in Cantonese): Ms Miriam LAU, you are speaking for the second time.

MS MIRIAM LAU (in Cantonese): Ms Audrey EU may have misunderstood my earlier remarks. In fact, I cite the example of contracts as an analogy. Similarly, for Members returning to the Legislative Council through election, they will not be subject to a salary reduction if they fail to perform well under the accountability system. Such an arrangement has never been put in place. If the performance of Members is unsatisfactory, they will naturally be punished by their electors. By the same token, the accountability system does not merely involve a contract in black and white, for it may indeed involve an intangible contract.

Officials under the accountability system must face the public. The penalty for their unsatisfactory performance or mistakes is resignation or no further appointment. I do not know whether officials with poor performance are subject to salary reduction in other places. According to my understanding, the accountability system adopted in Hong Kong does not have any provision stipulating that officials are subject to salary reduction for their unsatisfactory performance. If there are such provisions, we should at least know the yardstick for imposing the salary reduction. The fact that the penalties concerned do not include salary reduction does not mean that no salary reduction can be imposed, yet the inclusion of such an arrangement should be discussed. This is what I meant when I spoke earlier. I might have made an inappropriate analogy, yet I mainly wanted to point out that there was no provision stipulating that Members should be subject to salary reduction for their unsatisfactory performance. The same applies to officials under the accountability system. I do not know and have never heard about the provision stipulating that they are subject to salary reduction for their unsatisfactory performance.

In view of this, I can hardly agree with any proposal in this direction at the present stage. Hence, I will not support the amendment today.

CHAIRMAN (in Cantonese): Dr PAN Pey-chyou, this is the second time you speak.

DR PAN PEY-CHYOU (in Cantonese): Chairman, I would like to give a brief response.

To put it simply, Ms Audrey EU asked me earlier whether I was criticizing or commending Financial Secretary John TSANG. I think we should act in a more mature manner. In fact, a man has many different aspects. Merits considered by some people may be considered as demerits by others. When I spoke earlier, I merely described the situation I saw, which did not necessarily involve criticisms or commendations. This is the first point.

Second, I understand that when Members propose reducing the salary of certain officials for several months, they indeed want to take the opportunity to make criticisms. There is no problem for doing so. However, if Members really consider that salaries of those officials should be reduced, I have to draw the attention of Members to another point, that is, Hong Kong is a society which attaches great importance to law and contractual spirit. We may be unhappy with a certain person at some point in time, yet out of the respect for contractual spirit If the content of the contract is so stipulated, we should not alter the terms and conditions of the contract arbitrarily according to our own preference or prejudice.

If the amendment proposed today is unfortunately passed, it will in some measure violate the contractual spirit.

I so submit.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): Ms Audrey EU, do you wish to speak again?

MS AUDREY EU (in Cantonese): Chairman, I do not want to repeat my remarks again. As Dr PAN Pey-chyou again mentioned the violation of contracts, I cannot but reiterate the response I made to Ms Miriam LAU. Moreover, I would like to respond to Ms Miriam LAU's comments relating to the contracts concerned. Perhaps she has not made it very clear, for she said the proposal should be stipulated under a regulation. Chairman, today, we are not talking

about any regulations; we are discussing about funding applications under the Budget. As Members, we are obliged to support or oppose the funding arrangement. You may have many reasons to oppose the amendment, yet we have put forth our justifications for supporting the amendment. We support the amendment for we consider that the Financial Secretary or the Chief Executive — under the amendment proposed by Mr Alan LEONG — has failed to perform well in certain aspects.

Chairman, if we request officials to step down once they fail to perform well, we are actually being unrealistic. Regarding the motion on the Chief Executive, Mr Alan LEONG has spoken much about this. We propose to invoke the Legislative Council (Powers and Privileges) Ordinance to investigate the Chief Executive, and Miss Tanya CHAN will propose a motion on the vote of no confidence in the Chief Executive later. It is next to impossible that the motion will be passed, yet we cannot request the Chief Executive or Secretaries of Departments to step down whenever we are dissatisfied with them. There are many other options for dealing with the issue other than requesting them to step down. If we consider that the performance of the official is seriously undesirable, even to the point of dereliction of duty, we may certainly propose dismissing the official. If we lose our confidence in certain officials, we may propose a motion on the vote of no confidence.

However, if we consider that the performance of an official is undesirable in many aspects — as illustrated from the examples I quoted earlier and I will not repeat again — the most appropriate approach is to deduct the salary of the official concerned for the next three months. This is the least we can do. Why can't we do so? May I ask Ms Miriam LAU which rule stipulates that we cannot do so? Should we violate any rule, the President of this Council would not have permitted us to discuss the issue here. It is evident that the decision to vote for or against the Budget, to propose an amendment and to support the amendment is entirely a political judgment. All of us are Members returned by election, so we must be accountable to the electors. As for the officials, they should be accountable to all the people of Hong Kong. The people of Hong Kong do not have the power to deduct their salaries or request them to step down, so we as Members should pursue this on behalf of the public. Therefore, the amendment we propose to deduct three months' salaries of the Financial Secretary today is by all accounts proper.

I also urge Ms Miriam LAU to think it through, for if no contract is involved, there is no question of violating any contract or provision, and thus there is no provision or requirement prohibiting us from so doing. We are acting in accordance with the Basic Law and exercising the duty of Members under the constitutional framework of Hong Kong in examining the expenditure of the Government. I urge the Liberal Party to support the amendment proposed by me. Thank you, Chairman.

MR JAMES TO (in Cantonese): Chairman, please allow me to make a humorous remark. To put it in the legal context, this amendment, if really passed, will stop the salary payment for the Financial Secretary in the next three months. The Financial Secretary may then render his resignation to the Chief Executive because he has not been paid, and subsequently, he will be removed from his position by the Central Authorities. In that case, he would not have violated any contract.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Ms Audrey EU be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Ms Audrey EU rose to claim a division.

CHAIRMAN (in Cantonese): Ms Audrey EU has claimed a division. The division bell will ring for five minutes.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG and Mr CHEUNG Kwok-che voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Ms LI Fung-ying, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Prof Patrick LAU, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou voted against the amendment.

Dr Joseph LEE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Ms Cyd HO, Mr Alan LEONG, Mr LEUNG Kwok-hung and Miss Tanya CHAN voted for the amendment.

Mr Albert HO, Mr Fred LI, Mr James TO, Mr LAU Kong-wah, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Mr KAM Nai-wai, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Sing-chi, Mr WONG Kwok-kin and Mrs Regina IP voted against the amendment.

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

THE CHAIRMAN announced that among the Members returned by functional constituencies, 20 were present, two were in favour of the amendment, 17 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, eight were in favour of the amendment and 15 against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the sum for head 142 stand part of the Schedule.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No Member raised their hands)

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

CLERK (in Cantonese): Head 151.

MR JAMES TO (in Cantonese): Chairman, I move that head 151 be reduced by \$298,111 in respect of subhead 000, which is approximately equivalent to the expenditure of one month's emoluments for the position of the Secretary for Security.

Chairman, I will make the long story short. Colleagues have stated earlier under what mechanism and conditions we are empowered and allowed to reduce the emoluments of officials under the accountability system. This is a gesture in response to their failures at work and in discharging their duties, as well as their undesirable performance. It is also a legal and reasonable solution to address the problem, and tally with the aspirations of the public.

Chairman, I always act cautiously in this aspect. In fact, since Mr Ambrose LEE assumed the office of the Secretary for Security in 2003, this is the first time I propose a deduction of his emoluments. Why? In my view, if the issue in question is the divergent views towards certain policies, or significant disagreement in policy implementation or difference in values that I consider he should step down, a motion on the vote of no confidence may be proposed. However, this year, I propose to deduct one month's emolument of the Secretary, mainly due to his dereliction of duty with regard to his handling of the full-scale safety drills on incidents at the Daya Bay Nuclear Power Plant.

Had Secretary Ambrose LEE assumed office a year or two ago, I would not have blamed him, as it is stated in the handbook on safety drills that a full-scale drill on nuclear power plant incident should be held once every three to five years. If it is due to time constraint, priorities in governance and time allocation that the Secretary has not been able to carry out the relevant work during his first or second year in office, I can hardly blame him. However, before the reunification in 1997, full-scale safety drills on Daya Bay Nuclear Power Plant incident were carried out about once every three years in 1990, 1993 and 1996 by the former Security Branch. Regrettably, since Secretary Ambrose LEE took office in 2003, no such drills had ever been carried out. As for the reasons for not doing so, he has not given any explanation. In this respect, first, Secretary Ambrose LEE has never given the explanation in person. Second, up to date, the most justified explanation given by the Security Bureau is that hazmat drills had been carried out during the staging of the equestrian events of the 2008 Olympic Games and the 2009 East Asian Games.

Colleagues must note that hazmat drills are completely different from the full-scale safety drills for Daya Bay Nuclear Power Plant incidents mentioned earlier. The latter is a full-scale exercise lasting for several days and involving dozens of departments; it is a large scale drill involving the deployment of over thousands of people. The requirement on carrying out drills once three to five years seeks to ensure that the relevant departments will know how to react in emergencies by taking part in these full-scale drills. As such, in the event of any serious incidents, departments will have a fresh memory of the contingency measures to be implemented, which meet the requirements on capacities and efficiency as stated in the safety drill handbook. But now, only one drill is carried out during the 11 years between 2001 and 2012. Since the departments concerned may have staff changes and many departments may have completely forgotten how to carry out the drill, this will significantly undermine the capacities and efficiency in dealing with emergencies.

Hence, it is dereliction of duties on the part of the Secretary for failing to comply with the original requirement of staging the drill once every three to five years without any reasonable explanations and not involving any policy preference. Since the last drill was carried out 11 years ago, it is negligence and dereliction of duties on the part of the Secretary. I consider that the deduction of one month's emolument is the lightest punishment on him as an official under the accountability system. I propose this motion to let the public know that the Legislative Council holds reasonable expectation for officials under the accountability system, and we demand accountability on the part of officials. We will impose proper punishment of various levels to urge officials under the accountability system to responsibly discharge their duties, including the regular duties.

Chairman, had Secretary Ambrose LEE proposed changing the time frame of conducting the drill once every three to five years, during the first three to five years when he was in office, I would not rule out the possibility of adjusting the relevant requirement, provided that good justifications were given and wide consultation had been conducted. Even if he announced the decision without consultation, it would arouse interactions in society and queries from the legislature to allow the expression of various views. However, he had, without giving any justification, explanation or announcement, changed the time-honoured and effective practice of staging a drill once every three to five

years. Since he took office in 2003, no drill has been carried out for nine years. It is obviously negligence and dereliction of duties on his part.

Mr James TO moved the following motion:

"RESOLVED that head 151 be reduced by \$298,111 in respect of subhead 000."

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

(No Member indicated a wish to speak)

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Chairman, on behalf of the Administration, I would like to respond to the amendment proposed by Mr James TO to the 2012 Appropriation Bill. We understand that Members have different views regarding the performance of the Government, and they have their own opinions in various policy areas. Their views may be reflected through various channels. For instance, Members may express their views on various issues at the meetings of the Legislative Council and Panels.

I would like to reiterate that it is not a proper channel for Members to propose amendment to the Appropriation Bill with a view to deducting the emoluments of the officials concerned, neither is this a reasonable practice. Hence, Chairman, the Government opposes this amendment.

CHAIRMAN (in Cantonese): Mr James TO, do you wish to speak again?

(Mr James TO shook his head to indicate that he did not wish to speak again, Mr LEUNG Kwok-hung raised his hand)

MR LEUNG KWOK-HUNG (in Cantonese): Chairman, I want K C CHAN
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CHAIRMAN (in Cantonese): Mr LEUNG, I have to point out that you surely have the right to request to speak at this stage. However, according to the normal practice at the Committee stage, I will ask officials to express their views after Members have spoken. When we handled the previous amendment, you requested to speak when I asked officials to speak, and now you are doing the same thing. I hope you will make your request to speak before officials as far as possible in future.

MR LEUNG KWOK-HUNG (in Cantonese): Chairman, thanks for your lecture. I have been very patient, for I want to listen to K C CHAN to learn if he will put forth different reasons, yet he just repeats the same remark every time. I thought he would put forth some new justifications and I would then respond correspondingly. It turns out that he only reads from the script. Secretary Prof K C CHAN, you are so good as to take the blame of others. The one subject to the salary deduction is absent but you are here in the Chamber. I suggest giving his salary to you as a reward for your righteousness. Kenneth CHEN and Florence HUI have sat here for a long time. What kind of team is it? Is there a team after all?

CHAIRMAN (in Cantonese): Mr LEUNG, please face the Chairman when you speak.

MR LEUNG KWOK-HUNG (in Cantonese): Yes, Chairman. What kind of team is it? May I implore the Chairman to ask them what kind of team they belong to? Simply speaking, Ambrose LEE is in position due to the failure of the authorities in 2003 in legislating on Article 23 of the Basic Law. Back then, Mrs Regina IP, who is now one of our colleagues, had tried to overshadow her boss with impressive accomplishment. She snatched the legislative work and stretched her wings at the Legislative Council with a view to make extraordinary accomplishment. But unfortunately, 500 000 people took to the streets on 1 July. After the public took to the streets, it was natural that she hastily quitted the job. Someone is leaving the Chamber now. Back then, Mr IP Kwok-him said that the public had been misled, so he definitely are not interested to listen to me now.

Why would I say so? The former Secretary for Security Regina IP, who is now our colleague, resigned in a hasty manner at that time. She went to dine in Beijing and said that she knew many people and she would definitely be back. Later, she went to study in the United States. Recently, I read a book from her

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

MR LEUNG KWOK-HUNG (in Cantonese): No, there is a clear line of thought in my words. Ambrose LEE was promoted against this background. This is indeed an issue I want to discuss. Why would Members resort to deducting the salaries of officials to ensure accountability? Honestly, we have no other alternative but to resort to this option. We cannot hold them accountable in actuality, can we? After the resignation of the former Secretary for Security Regina IP, people belonging to her camp got promoted. Both Ambrose LEE as well as the incumbent Commissioner of the Independent Commission Against Corruption have been promoted. There is a common saying that "once the general quits, his followers will scattered", yet it does not apply to this case, for

CHAIRMAN (in Cantonese): Mr LEUNG, your speech is not related to this motion. Please speak on the content of the motion.

MR LEUNG KWOK-HUNG (in Cantonese): No, I want to explain to colleagues that we should not blame Ambrose LEE, for he was forced to take up the position of Secretary for Security, and if a salary deduction is to be imposed

CHAIRMAN (in Cantonese): Please speak on the motion.

MR LEUNG KWOK-HUNG (in Cantonese): Yes. Why Secretary Ambrose LEE is found to be incompetent? Why has he failed to perform effectively?

Actually, that is not what he wants. He does not know he will one day be a Director of Bureau. All this should be attributed to the failure of the former Secretary Regina IP to accomplish the important mission, which prevented her from being promoted to the position of the Chief Secretary. He would not have known that he had to take up the position as a matter of emergency. The change or continuation of the tenure of officials of the second-term Government and the third-term Government was really a bizarre case. Though a certain policy was regarded as wrong and the officer-in-charge had quitted, other followers or supporters have been promoted time and again and they still remain in office.

Chairman, you have been a school principal, please tell me in your good conscience what you would do if the discipline master of your school has wrongly punished a student and five teachers have imposed corporal punishment on the student? Why the discipline master has to leave but not the other four teachers who have imposed corporal punishment

CHAIRMAN (in Cantonese): Mr LEUNG, you have deviated from the theme, please speak on this amendment.

MR LEUNG KWOK-HUNG (in Cantonese): I have not. We should trace back the history of how Secretary Ambrose LEE has taken up the present position. You cannot tell whether I am defending him or supporting the deduction of one month's salary from him. As such, I think Mr James TO does not understand the logic. The Secretary should not be the one to be punished; instead, the person who allowed him to take up the position as the Secretary for Security should be punished. In 2003, he took up the position of the Secretary for Security without any preparation and was left in the situation today: He can accomplish nothing.

Chairman, I have listened attentively to the speech of Mr James TO. He queried the Secretary why those exercises had not been carried out since the Secretary assumed office. The reason is that he does not know. Buddy, he lacks the professional knowledge to do so, for he was only appointed in times of emergencies, as in the case of E Dou, who was appointed when his father emperor died suddenly, and nothing could be done.

Hence, on second thought, Ambrose LEE should not be subject to a deduction of 30-day salary, but a deduction of 29-day salary, for he will be given one-day salary as a credit for accepting the appointment in emergency. Chairman, it is an intolerable misdeed when an official or a civil servant fails to carry out his duty. Secretaries of Departments and Directors of Bureaux, if you find out that your subordinate or secretary has deleted your email — unless they do so as instructed for you do not want others to know about the emails — what will you do? What if they make rude comments against others on the Facebook? How will these cases be handled? Are they discharging their duties faithfully? How will you handle cases involving their failure to discharge their duties faithfully? Will you follow the existing practice of the Government to continue to heap praise on them? If a member of the public told you that he had expressed his opinion about abolishing national education yesterday via email or the Facebook, but his opinion was being deleted

CHAIRMAN (in Cantonese): Mr LEUNG, you have deviated from the subject.

MR LEUNG KWOK-HUNG (in Cantonese): I have not deviated from the subject, for

CHAIRMAN (in Cantonese): Please speak on the amendment and refrain from giving so many hypothetical remarks.

MR LEUNG KWOK-HUNG (in Cantonese): No, the issues are related. In other words, Secretary Ambrose LEE has not done what he should. Is this not serious? You have interrupted my speech. Mr James TO, various Members and I keep telling the Secretary that it is unacceptable for him not to take actions. Explicit provisions have been laid down, why have you not carried out a task which we all know should be done? Though he knows the exercise has to be carried out, he has not done so. This is similar to the case of Under Secretary Kenneth CHEN. Though he had told his subordinates not to delete his emails, which he considered are of great importance and that he should be accountable to the public, his subordinates deleted those emails again. Under Secretary

Kenneth CHEN was lectured by his subordinates, who bragged about their better knowledge in education, saying that he should not read the deleted emails.

Is this not the case for Secretary Ambrose LEE? He has not raised any opposition stating that the evacuation exercise is unnecessary. He has not said so. Had he stated the justification for not carrying out the exercise, it would have been another story. He would have been commended for his constructive proposal for saving public money and time. I do not know whether he has put the motto of DENG Wan on this working desk? Do you know who DENG Wan is? He was an official in the Song Dynasty, who was famous for his motto of "Criticisms, I do not care; a responsible official, I will remain". I do not know whether he has this motto on his desk.

Chairman, during meetings presided by you after the Fukushima incident, Members asked the Secretary a number of times whether he would carry out the evacuation exercise. He only said that the place was very small and it would not be deadly, and it would not be fatal even if the exercise was not carried out. This is the attitude he has adopted. Today, he does not attend the meeting. Later, he will say that we have wronged him and made accusation at his back. Chairman, please ask yourself honestly whether such attitude is being accountable to this Council. He may as well be frank in stating that everything will be alright for this is Hong Kong and not Fukushima. He may say that these exercises are unnecessary. He may say that the proposals from Members are uncalled for, that Members are trying to pick bones from eggs and that Mr James TO is aiming at stirring up troubles. He can simply say so. But he has not, has he?

I would like to ask Members who have pressed the Request-to-speak button to speak against the deduction of the emoluments of the Secretary — they are all out in other places in the Legislative Council Complex right now and I wonder what they are doing. I would like to ask them one question. For an official appointed who should have been dismissed for his failure to discharge his duties, how would it be too harsh to request a salary deduction? The official is only subject to the punishment of salary deduction but not being demoted and removed from the establishment. He is allowed to remain in the incumbent Government without getting paid. If those Members consider that the Secretary should act this way, how would there be accountability? If that is the case, why should

Members hurry into proposing whether or not to conduct investigation against certain persons?

Today, everyone in this Chamber — frankly, now I understand why Under Secretaries should be employed. When the Directors of Bureaux are not present, the Under Secretaries will attend the meetings. Chairman, what event is held today? Today, we are having a debate on the Budget. The Legislative Council is empowered under the Basic Law to monitor the Budget of the Government, yet only two Directors of Bureaux, including Secretary TSANG, attend the meeting today. Chairman, will you ask what kind of persons are in this group? Among the "three corpses and 12 lives", only "two lives" attend the meeting, which means only two out of the 15 attend the meeting. I wonder if this point deviates from the subject. We are now discussing a salary deduction. Initially, a significant deduction of salary was proposed, and now the proposal only involves deducting one month's salary from Ambrose LEE, but it still fails to convince Members in the Legislative Council to support the deduction. Members may now I understand it now. Chairman, I wonder if I may ask you to ask them whether Members are having a discussion with the Directors of Bureaux at another venue. Are they having a meal or a drink together? If not, why only "two lives" among the "three corpses and 12 lives" attend the meeting, why 13 of them have disappeared and why so many Members are not present now? Is there another venue?

I am being criticized by the Federation of Trade Unions (FTU) and the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) that I should be subject to a salary deduction. Now, may I ask the FTU and the DAB whether the "13 lives" out of the "three corpses and 12 lives", who have not attended the meeting, should be subject to a salary deduction, for they do not attend the meeting and do not accept accountability? Has the Government come to such a state where its followers have scattered after the fall of the chief?

Chairman, I have a reason to ask this question, for Ambrose LEE has not come in person to respond to the proposal but let others not in the capacity to respond on his behalf. Those questions should have been answered by him. Now, how can we ensure accountability from him? Secretary Prof K C CHAN acts like a record player for he just repeats the same answer every time. When he is asked whether apes are human, he will give one answer; and when he is asked whether cats are dogs, he will give the same answer. He will only say

whether or not it is the same. Chairman, you lectured me earlier for deviating from the subject, and I would like to seek the advice of officials present: Have you really not deviated from the subject? You have indeed left the scene of discussion, so how would you have deviated from the subject of discussion. You have left the point of utmost importance

CHAIRMAN (in Cantonese): Mr LEUNG, you have deviated from the subject again.

MR LEUNG KWOK-HUNG (in Cantonese): I understand.

CHAIRMAN (in Cantonese): If you ask whether apes are human and whether cats are dogs, you will definitely get the same answer. I think even children know this.

MR LEUNG KWOK-HUNG (in Cantonese): Yes, I understand.

CHAIRMAN (in Cantonese): The answers to the two questions you asked are both "No".

MR LEUNG KWOK-HUNG (in Cantonese): Is there any difference between leaving the scene and deviating from the subject? Leaving the scene and deviating from the subject are two different issues. When one leaves the scene, he or she is no longer involved in the subject. But now I am at the scene, and I can express my views in a deeper and more thorough manner. However, you regard me as deviating from the subject. This is not fair, is this? Again, may I ask those present as their companion of the justifications for voting against the deduction of salary to be held later? Ambrose LEE has failed to stage the exercise over the past many years, and all who vote for the proposal today intend to reprimand him. Ambrose LEE, why have you not carried out the exercises? You have to know that a hundred or so people may die. We are wasting our time in reprimanding him, yet we have to bear the cost of paying him the salary.

Chairman, I have deviated from the subject indeed, for I have failed to realize that the Legislative Council is no longer the Legislative Council. The Legislative Council is no longer a place for ensuring accountability. Officials under the accountability system do not have to be accountable to us, and a Member is regarded as deviating from the subject when he speaks in this Council. I cannot but leave the scene now. I will not argue with you for you are always correct. As Galileo said, the world would not change and everything would go on as usual.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): Secretary for Financial Services and the Treasury, do you wish to speak again?

(The Secretary for Financial Services and the Treasury indicated that he did not wish to speak again)

CHAIRMAN (in Cantonese): Mr TO, do you wish to speak again?

(Mr James TO indicated that he did not wish to speak again)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr James TO be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr James TO rose to claim a division.

CHAIRMAN (in Cantonese): Mr James TO has claimed a division. The division bell will ring for five minutes.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG and Mr CHEUNG Kwok-che voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Prof Patrick LAU, Mr Paul CHAN, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou and Mr Paul TSE voted against the amendment.

Dr Joseph LEE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Mr Frederick FUNG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr LEUNG Kwok-hung, Miss Tanya CHAN and Mr WONG Yuk-man voted for the amendment.

Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG and Mr WONG Kwok-kin voted against the amendment.

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

THE CHAIRMAN announced that among the Members returned by functional constituencies, 21 were present, two were in favour of the amendment, 18 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 19 were present, 11 were in favour of the amendment and seven against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the sum for head 151 stand part of the Schedule.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No Member raised their hands)

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

SUSPENSION OF MEETING

CHAIRMAN (in Cantonese): I now suspend the meeting until 9 am tomorrow.

Suspended accordingly at one minute past Ten o'clock.

