

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 9 November 2011

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE JEFFREY LAM KIN-FUNG, 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.

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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:

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

PUBLIC OFFICERS ATTENDING:

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

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

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

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

THE HONOURABLE MRS CARRIE LAM CHENG YUET-NGOR, G.B.S., J.P.
SECRETARY FOR DEVELOPMENT

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

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MISS ODELIA LEUNG HING-YEE, ASSISTANT SECRETARY GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Child Abduction and Custody (Parties to Convention) (Amendment) Order 2011	151/2011
Clubs (Safety of Premises) (Exclusion) (Amendment) Order 2011	152/2011

Other Papers

No. 24 — Report by the Director of Immigration Incorporated on the administration of the Immigration Service Welfare Fund together with the Report of the Director of Audit and audited financial statements for the year ended 31 March 2011

No. 25 — Secretary for Home Affairs Incorporated
Audited financial statements together with the Report of the Director of Audit for the year ended 31 March 2011

No. 26 — Sir Edward Youde Memorial Fund
Signed and audited financial statements together with the Report of the Director of Audit and the Report of the Board of Trustees for the period 1 April 2010 to 31 March 2011

No. 27 — Consumer Council Annual Report 2010-2011

Report No. 2/11-12 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Shortage of Beds and Rising Fees of Private Hospitals

1. **MR CHAN KIN-POR** (in Cantonese): *President, in recent years, a lot of pregnant women and patients from the Mainland have sought medical treatment in private hospitals in Hong Kong, and bed spaces in private hospitals are in serious shortage and their services are close to full capacity; some middle-class people are intent upon using private medical services by taking out medical insurance, but it turns out that they also have to wait for bed spaces. Twelve of the 13 local private hospitals have been established in the name of non-profit-making organizations, and among them, 10 are charitable institutions which are exempted from tax under section 88 of the Inland Revenue Ordinance (IRO), and some of them have recently increased their medical service charges substantially by as much as 1.6 times. At present, there is no provision or penalty under the conditions of land grant to private hospitals by the Government for regulating their operations or restricting them from making hefty profits, and the authorities expect that when there are new private hospitals coming into operation in 2017, the relevant provisions and penalties may be included in the conditions of land grant on a trial basis, and if proved feasible, they may consider amending the legislation to regulate the existing private hospitals as well. In this connection, will the Government inform this Council:*

- (a) *given that the annual profits for individual non-profit-making private hospitals are as high as \$400 million and their fiscal reserves are up to a few billion dollars, how the authorities at present monitor the use of the funds of non-profit-making private hospitals (including whether their profits are used for the development of healthcare services, and whether they are inclined to invest their resources in services that can generate higher profits, thus compromising the quality and quantity of other services); furthermore, the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (the Ordinance) which regulates private hospitals in Hong Kong was enacted in 1936 and the last time when major amendments were being made was in 1966, and there is no provision in the Ordinance to regulate the fees and charges, profits as well as financial conditions of private hospitals; last year, the United States endorsed a health reform to strengthen monitoring of non-profit-making hospitals (including a compliance check once every three years) to ensure that their operation mode complies with the conditions for tax*

exemption status; whether the authorities have any plan to make reference to the practices in the United States to review the tax exemption status of the existing non-profit-making private hospitals, and levy profits tax and land premium based on their profitability;

- (b) *apart from inspecting every year whether those private hospitals operating on low-premium land grant offer low-charge beds according to the requirements of the conditions of land grant, how the authorities ensure that these hospitals do not set any threshold for such bed spaces (such as rejecting patients who undergo major operations or are covered by medical insurance), and that such bed spaces are fully utilized; whether the authorities have any plan to impose regulation as soon as possible by way of legislation, so as to improve the low occupancy rate of as low as one quarter of such low-charge beds at present; and*
- (c) *given that a few private hospitals have initially planned to add about 250 bed spaces in 2013-2014, and the Government has allocated four sites for the development of private hospitals to provide more bed spaces (among which 70% will be reserved for Hong Kong residents), but the four new private hospitals are only expected to come into operation in 2017, in the six years from now until 2017, how the authorities ensure that Hong Kong residents in need of private hospital services may receive priority allocation of private hospital bed spaces; why the authorities do not immediately study regulating the existing private hospitals by introducing legislative amendments?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, private hospitals are an integral part of the healthcare system in Hong Kong. They provide primary healthcare services and a range of specialist and hospital services for members of the public who could afford and are willing to choose private services. Private hospitals are subject to regulation by the Department of Health (DH) under the Ordinance (Cap. 165) on matters of accommodation, staffing or equipment. To ensure the provision of quality healthcare services to patients, the DH has formulated a Code of Practice for Private Hospitals, Nursing Homes and Maternity Homes (COP) in which the standards of good practices are set out

for adoption by private hospitals. In addition, the DH conducts routine or unannounced hospital inspections from time to time to monitor the compliance of their operation with the Ordinance and the COP.

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

- (a) At present, there are 12 private hospitals registered in accordance with the Ordinance in Hong Kong. They are required to meet the conditions relating to accommodation, staffing or equipment under the Ordinance. There are no provisions in the Ordinance regulating the financial return or service scope of private hospitals. Private hospitals would decide on their own matters relating to the use of resources and development. According to information provided by private hospitals, three out of the 12 private hospitals expanded their services in 2011, providing in total about 50 additional beds for specialties of obstetric services, paediatrics, medicine and intensive care. Four other private hospitals expanded specialist services including oncology centres, renal dialysis treatment, cardiac catheterization services and endoscopy services, and so on.

Among these 12 existing private hospitals, 10 are charitable institutions which are exempt from tax under the IRO. According to section 88 of the IRO, any charitable institution or trust of a public character shall be exempt from tax. Tax-exempt charitable bodies must be established solely for charitable purposes recognized by the law. As required by the Inland Revenue Department (IRD), charitable bodies applying for tax exemption must have a governing instrument which states their objects precisely and clearly. For charitable bodies granted tax exemption, their incomes (including profits derived from their business) and properties may only be used for attainment of their stated objects and any distribution of their incomes and properties amongst their members is strictly prohibited. The IRD will review charitable bodies granted tax exemption periodically to see whether their objects are still of a charitable nature and whether their activities are compatible with their stated objects. When carrying out the review, the IRD will usually ask the relevant charitable bodies to submit their account statements, annual reports, as well as other relevant documents and information so as to

ascertain whether they have carried out any activities which are outside their charitable objects and deviate from any clauses contained in their governing instruments, and whether their business and profits derived there from meet the requirements stated under section 88. The IRD will then decide whether their tax exemption status should continue or be revoked, and whether tax should be levied on the profits derived from their business operations.

- (b) According to the COP, private hospitals are required to prepare respective schedules of charges for different categories of hospital beds, including any categories of beds stipulated in the Conditions of Grant of their land, for information and reference by the public. For provision of clinical services of any specialty, private hospitals are required to have the appropriate accommodation and equipment, and have qualified personnel and sufficient manpower to provide the services in compliance with the law. Hospitals are obliged to explain their admission policy and arrangements clearly to their patients.
- (c) The Government's policy is to promote and facilitate the development of private hospitals on top of a strong public healthcare system acting as the healthcare safety net for all. Private hospital development could enhance the overall service capacity and service quality of our healthcare system to cope with increasing demand for healthcare services. It could also ease the imbalance between the public and private healthcare sectors. According to information provided by private hospitals, the majority of their users are holders of Hong Kong identity card based on means of registration when admitted into private hospitals.

The Government has reserved four sites at Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau respectively for the development of private hospitals. We are formulating the land disposal arrangements for the four sites to ensure that the services provided by the new hospitals would be of good quality. The Government will formulate a set of special requirements for development of the sites, covering the scope of service such as the types of specialty; and the standard of service, the number of beds,

hospital accreditation and price transparency, and so on. Requirement will also be imposed to limit the number of beds used for obstetrics services by the new hospitals. We plan to first dispose of the two sites at Wong Chuk Hang and Tai Po in the first quarter of 2012. The other two sites will be disposed of later in phases.

Apart from the four reserved sites, some private hospitals are also carrying out or planning expansion projects. Subject to compliance of these projects with the relevant statutory and other requirements (for example, land use), the Government supports the expansion and redevelopment projects of existing private hospitals for enhancement of their services. We believe that the above private hospital development projects can further increase the service capacity of the private healthcare market as well as the overall healthcare service capacity of Hong Kong, providing more choices for people who could afford and are willing to pay for private healthcare services.

MR CHAN KIN-POR (in Cantonese): *President, I would like to follow up and ask the Secretary, will the Government advance the study on how to regulate the previous conditions of land grant, which should be adopted by private service providers as the basis of their operation; private service providers should not operate on the basis of pursuing their own interest and seeking their own profits. In this way, the Government's objectives of granting land at low premium at that time can be met.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as I have stated in the second paragraph of part (a) of my main reply, 10 of these 12 existing private hospitals are exempt from tax. The IRD determines if these hospitals are charitable bodies on the basis of their operation modes and financial reports, and so on. At this stage and on the basis of the incomes of private hospitals, I think we have adequate legislation for regulation.

A more important point is whether the quality of services of private hospitals meets professional standards and public expectations. In the past few

years, we have made much effort in respect of hospital accreditation. At present, seven of the 12 private hospitals have been awarded accreditation but we will urge them to continue to enhance regulation and discipline under the accreditation system, and the DH will conduct regular and surprise inspections. They have to notify the DH and the Government on the occurrence of unexpected events, so as to facilitate our monitoring work. We pay special attention to their provision of inpatient services and professional services.

DR JOSEPH LEE (in Cantonese): *President, the Secretary has not answered Mr CHAN Kin-por's supplementary question. The focal point of Mr CHAN's supplementary question is that it has been a long time, 45 years, since major amendments to the Ordinance were last made. If the Secretary says that we only rely on the IRO to regulate their services, the key issue is that almost one quarter of low-charge beds have not been occupied. Can the Secretary tell me how the Government and the IRD can jointly regulate these "charitable" beds in private hospitals so that their occupancy rate will not be so low and that such bed spaces can be effectively utilized to serve the general public?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as far as we know, low-charge beds should be offered by hospitals according to the conditions of land grant. There are some 100 low-charge beds in St. Teresa's Hospital. As far as I know, most patients admitted to private hospitals have taken out insurance. As the insurance companies will cover their expenses, such low-charge beds will not be occupied, hence the occupancy rate is low. We have to urge hospitals to enhance transparency because for the so-called low-charge beds, the charge for the bed itself is low, but not the charges for other services. I must explain this point clearly.

What Mr CHAN Kin-por has just said mainly concerns the incomes of hospitals. We think that the IRD has the responsibility to ensure that the incomes of hospitals comply with the conditions of land grant. Concerning the regulation of private hospitals in other aspects, basically we communicate frequently with private hospitals and we do not rule out the possibility that the Ordinance may be reviewed in the near future. In particular, we will regulate the services of private hospitals more closely and comprehensively; the focuses

are the quality of services to patients and the charges. We believe that their transparency should be further enhanced.

MR CHAN HAK-KAN (in Cantonese): *President, concerning the issue of Mainland pregnant women giving birth in Hong Kong, fellow DAB members and I have conducted follow-up investigations on some cases. We found that one of the reasons why so many Mainland women whose spouses are not Hong Kong permanent residents have given birth in private hospitals in Hong Kong is that, many agencies have, by legal or illegal means, arranged Mainland pregnant women to come to Hong Kong to give birth and receive a commission of \$50,000 to \$200,000 from these women. If the Government does not stop Mainland agencies from soliciting Mainland pregnant women, more Mainland pregnant women will come to Hong Kong to give birth. Will the Government co-operate with the Mainland departments concerned to ban or regulate such agencies from soliciting by illegal means pregnant women to give birth in Hong Kong?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *President, the issue of Mainland women giving birth in Hong Kong is related to our internal policies, and we must tackle the issue by all efforts. Of course, we have communicated with the Mainland authorities and they understand the problems that we are now facing. If the agencies have violated any laws in the Mainland or if their operations in Hong Kong have violated any laws of Hong Kong, we will certainly take actions.*

DR PAN PEY-CHYOU (in Cantonese): *President, it is really disappointing that the Government is indifferent to the fact that private hospitals have hefty profits. Some doctors' groups have recently reflected to me that the Private Hospitals Association wants to amend the medical professional liability insurance taken out by doctors providing services in private hospitals, thereby forcing them to buy extremely expensive MPS plans that are not subject to the regulation of the Office of the Commissioner of Insurance. This will in fact seriously undermine the rights of patients. I am not sure if this practice involves the transfer of benefits. Will the Government review and amend the outdated Ordinance and the COP?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as I have just said, we will review the Ordinance in order to protect patients' right to know, and ensure that they are provided with quality services. Dr PAN Pey-chyou has just mentioned that doctors take out insurance on their own. As regards whether the insurance is sufficient to fully protect the interests of patients under the medical treatment of doctors, a consensus has to be reached between the hospitals and doctors. I know that in Hong Kong, only MPS provides unlimited indemnity and I think it is appropriate for private hospitals to demand for coverage of unlimited indemnity. I also know that other insurance companies offer other insurance schemes that doctors can have better protection at lower premium but patients will not be awarded with unlimited indemnity. Of course, the sector must reach a consensus. I think the matter should be discussed and determined by the sector and the Government cannot enact legislation to decide on behalf of these professionals. This is also part of our policy of respecting professional autonomy.

PRESIDENT (in Cantonese): Dr PAN, which part of your supplementary question has not been answered?

DR PAN PEY-CHYOU (in Cantonese): *The Secretary has not answered if the outdated laws will be amended.*

PRESIDENT (in Cantonese): Dr PAN, the Secretary has already answered.

MS CYD HO (in Cantonese): *The Secretary has mentioned in his main reply that private hospitals are required to prepare respective schedules of charges for reference by the public. However, some expectant mothers complained earlier that after they have paid the deposits for obstetric services at private hospitals, the hospital authorities had suddenly increased the charges and claimed that the amount previously paid were registration fees. As it was difficult to obtain obstetric services, those expectant mothers dared not voice opposition for fear that they might not get adequate care in the delivery room. Has the Secretary taken the initiative to carry out an investigation? What is the result of the*

investigation? What action has the Government taken to effectively stop this sudden price increase, which is more or less equivalent to extortion?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, we have communicated with private hospitals many times about charges and we have asked them to explain clearly their charges to all patients (including pregnant women). Different hospitals certainly have different practices but the most essential point is to allow all patients to know upon registration whether the registration fees paid form part of the total package. If pregnant women unfortunately have miscarriage or other problems in the middle of pregnancy, will they get any protection? Can they get back part of the registration fee? Hospitals should fully explain the details to patients or pregnant women.

I think the 12 hospitals are now adopting such practices and I hope that all complaints can be referred to the DH to follow up with the hospitals concerned. We will find out more about how the hospitals explained to patients and the reasons why a solution could not be reached.

MS CYD HO (in Cantonese): *President, I have just*

PRESIDENT (in Cantonese): Ms HO, has your supplementary question not been answered?

MS CYD HO (in Cantonese): *I have just asked the Secretary about the result of the proactive investigation conducted. Are there incidents of a sudden price increase?*

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

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, according to my understanding, since many private hospitals made wage adjustments in the past year because of inflation and the implementation of the

minimum wage, they need to increase charges. However, the most important point is that patients or pregnant women receiving services must know how much they have to pay.

MR ALBERT HO (in Cantonese): *President, on the policies of private hospitals, the concessions provided by the Government are clear enough. The Government provides low-premium land grant to them and they are exempt from tax under section 88 of the IRO. The Government only asks private hospitals to provide low-charge beds to people whose financial conditions are not so good. But, the Secretary just told us that only the charge for the hospital bed is low, the charges for medicine and doctors fees are not regulated. In other words, it is possible to have third-class bed charges but first-class doctors' charges, which completely deviates from the policy on private wards in public hospitals.*

For this reason, President, I think the whole regulatory system is ineffective as the objective of private hospitals helping certain people whose financial conditions are not so good in return for the Government's various concessions cannot be achieved. I wonder if the Secretary would agree that this would constitute a dereliction of duty by the Government if it still fails to conduct a comprehensive review on the policy and it is using the money of the taxpayers to subsidize

PRESIDENT (in Cantonese): Mr HO, please raise your supplementary question.

MR ALBERT HO (in Cantonese): *..... I would like to ask the Secretary when the Government will conduct a comprehensive review on the policy. If the Government does not conduct a review, will it admit that this would constitute a dereliction of duty? Has this policy become ineffective?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the conditions of land grant were formulated years ago, and the social environment at that time was different from that of today. The conditions of land grant at that time were very simple, and basically there were no specified conditions. Thus, we should consider how changes can be made at an appropriate time. I think the

current licensing system is particularly important. We also find it necessary to amend the Ordinance (Cap. 165) on the regulation of private hospitals but this must be co-ordinated by other aspects of development, including the development of electronic medical records and the current accreditation programme. The work in these two aspects relies on enhanced internal regulation and discipline in hospitals. Otherwise, even if such information is available, I believe this may not be able to help the Government or others regulate the operations of these hospitals.

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

MR ALBERT HO (in Cantonese): *The Secretary has not answered whether a comprehensive review would at least be conducted on these regulatory policies in the future.*

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

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I have just said that we have started to review the Ordinance; and to start with, it is vital for us to review the level of professional services received by patients and the transparency of charges.

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

"i Learn at Home" Internet Learning Support Programme

2. **MS EMILY LAU** (in Cantonese): *President, the "i Learn at home" Internet Learning Support Programme (ILSP) was launched by the authorities in July this year to help low-income families acquire affordable Internet access services and suitable computer equipment for their school-age children to*

undertake web-based learning at home, and to provide them with support and advice. The authorities have commissioned two organizations to implement the Programme in the Eastern and Western parts of Hong Kong respectively. In this connection, will the executive authorities inform this Council:

- (a) of the respective numbers of families and students registered with the two implementers so far and the costs incurred;*
- (b) whether the two implementers have arranged for staff members to provide support and advice to participants at home; how the authorities safeguard the privacy of participants and ensure that no one can obtain personal data of members of the public through such arrangement for other uses; and*
- (c) of the problems encountered in implementing the Programme and the solutions adopted?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, the Financial Secretary announced in his 2010-2011 Budget a two-pronged strategy to assist students from low-income families to undertake web-based learning at home. This includes the provision of an annual Internet Access Subsidy to eligible families and the implementation of a five-year ILSP to help them acquire affordable computers and Internet access service, and to provide them with training as well as user and social support.

The ILSP was launched under the Programme name of "i Learn at home" on 14 July 2011. The eInclusion Foundation Limited (eInclusion) and the Hong Kong Council of Social Service (HKCSS) are implementing the Programme in the Eastern and Western parts of Hong Kong respectively.

My reply to the Ms Emily LAU's three-part question is as follows:

- (a) As at 31 October 2011, more than 23 000 families have applied to join the Programme. The applications are being processed by the two Implementers. So far, 7 147 families have completed registration, of which HKCSS accounts for 2 386 families involving 6 007 students while eInclusion accounts for 4 761 families

involving 5 497 students. More than 2 100 computers and 880 Internet access packages have been sold through the Programme.

The Finance Committee has approved \$220 million to implement the ILSP. The two Implementers will each be allocated \$100 million over a five-year period from 2011-2012 to 2015-2016 to implement the Programme in their service zones. The remaining \$20 million is set aside as central reserve to meet common and special requirements. We will allocate the funds to the Implementers in phases according to their business plans and financial requirements. We have reserved \$40 million for each Implementer in the current financial year to meet their initial start-up and operating expenses.

- (b) The Funding and Operation Agreements entered between the Government and the two Implementers provide that the Implementers shall comply with the Personal Data (Privacy) Ordinance (the Ordinance). The personal data obtained during Programme implementation can only be used for purposes directly related to the ILSP and with consent from the persons concerned. The Office of the Government Chief Information Officer will closely monitor the performance of the Implementers to ensure effective implementation of the Programme and protection of the personal data collected.

Services under the Programme such as training, technical and user support and counselling are provided to participants through the service centres established by the Implementers across the territories. It is not necessary to arrange services at participants' homes in most circumstances. If it is so requested by the participants, the two Implementers would consider arranging home-based support and counselling services for them having regard to actual needs. The two Implementers have neither received any such requests nor made any such arrangements since the commencement of the Programme.

- (c) The operation of the Programme has been smooth. Given that ILSP is an innovative service concept, eligible families have yet to fully understand its objectives and benefits, and some even have confused it with the Internet Access Subsidy. Hence, response to the

Programme was lukewarm initially. After vigorous promotion of the Programme in collaboration with the Education Bureau and the Student Financial Assistance Agency (SFAA), distribution of Programme leaflets and enrolment forms to eligible families by mail through SFAA and briefings to schools through the two Implementers at the commencement of the new school year, responses from the target beneficiaries have picked up from August onwards. In early September, there was a surge of applications within a short period of time and the two Implementers could not contact all applicants for registration promptly. After increasing the number of staff, the two Implementers have notified all applicants on how to complete the registration.

Moreover, after comparing the offers and services of the two Implementers, some participants considered some offers provided by another implementer as being more attractive. Since the mode of operation, partners and district network of the two Implementers are different, it is inevitable that their offers and services are not exactly the same. We will continue to forge better co-ordination and encourage mutual sharing of resources and experiences between the two Implementers, with a view to providing better services, more choices as well as more attractive offers and services for the participating families.

MS EMILY LAU (in Cantonese): *President, the Legislative Council had at one time intended to set up a select committee to look into the controversy of the whole incident because the authorities have failed to act as planned. Although the tender submitted by the HKCSS was considered by the majority as better, it was not selected. The eInclusion became the Implementer instead, and some of its members are from the Democratic Alliance for the Betterment and Progress of Hong Kong.*

President, in the last paragraph, the Secretary pointed out that eligible families would compare the offers and services of the two Implementers. This is inevitable as the two Implementers are providing services in the Eastern and Western parts of Hong Kong respectively. The authorities said that they would forge better co-ordination and encourage mutual sharing of resources and

experiences between the two Implementers, with a view to providing better services. President, as you may also aware at that time, the two Implementers were so hostile that they refused to attend the same meeting, so two meetings had been held. Given that they were awarded a funding of \$200 million, can the Secretary tell us how better co-ordination can be forged? Will there be better co-ordination after they have now received their share of funding? How members of the public can benefit from the relevant services? Or will the two Implementers continue to engage in intense competition and remain hostile, thereby rendering the Programme unable to achieve its intended purpose?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, the Programme is an innovative service. Although it has just been launched, we noticed that the two Implementers have already introduced Internet access services and offered computers at affordable prices for eligible families to acquire using flexible payment methods. Furthermore, they have started to provide free training, support and counselling services to assist students from needy families to undertake web-based learning at home.

As I have pointed out in the main reply, the Programme has received tremendous responses and so far 23 000 applications have been received. We will review the effectiveness of the Programme again during the interim review.

Regarding Ms Emily LAU's supplementary question, the services provided by the two Implementers do have competition points. They can therefore make reference to each other and learn from others' experiences, with a view to providing better and more appropriate services for the public. I would not describe their relations as hostile because competition brings improvements. We will push the Programme forward and bring better web-based learning experiences to members of the public.

MS EMILY LAU (in Cantonese): *President, he has not answered my supplementary question. What I said was facts as the Legislative Council has actually discussed*

PRESIDENT (in Cantonese): Ms LAU, please repeat your supplementary question.

MS EMILY LAU (in Cantonese): *Notwithstanding that the two Implementers cannot sit down together for a meeting, the Secretary said the Government would continue to forge better co-ordination and encourage mutual sharing of resources and experiences between them, with a view to providing better services. President, I wonder how he is going to encourage them. Are they willing to sit down together for a meeting now? How to make them co-operate?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, just now I said that the operation of the Programme has been smooth and there is room and opportunities for the co-operation of the two Implementers. If competition is introduced, we can provide better services for the needy families. We therefore consider the existing operation smooth.

MR LEE WING-TAT (in Cantonese): *President, one focal point of the debate on the relevant funding is whether any organizations or political parties will collect personal data for election purpose through the provision of services. President, I have received a complaint against TANG Ka-piu, a member of the Hong Kong Federation of Trade Unions (FTU) and the District Council member for the Yat Tung Estate, who asked residents to provide him with personal data for the purpose of application for registration when he distributed leaflets in the street. I certainly do not know how the data will be used after the application forms were filled, and the FTU is definitely not one of the Implementers. May I ask the Administration: In case any political parties or trade unions distribute leaflets calling on parents or residents to register for the Programme, what will the Government do to inform the residents that except for the publicly-funded organizations, neither the FTU nor any political parties are the official Implementers? Will the Government conduct any investigations in respect of my observation and complaints?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, as I have pointed out in the main reply, we will certainly

attach great importance to matters relating to personal data. As far as we understand, apart from the commissioning of partners to operate service centres in various districts, the Implementers have not commissioned any third parties to provide registration services for them. Nonetheless, we welcome the participation of different organizations in assisting eligible families to join the Programme, provided that they provide accurate information to the applicants and dispose personal data in compliance with the relevant provisions of the Ordinance. This is very clear indeed. We have approached members of the public on various fronts and encourage them to actively participate in the Programme. Personal data must be legally dealt with.

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

MR LEE WING-TAT (in Cantonese): *He has not answered my supplementary question. We certainly understand that personal data given to either the Boys' and Girls' Clubs Association of Hong Kong or the HKCSS must be monitored. My question is, in case a trade union or a political party distributes leaflets to invite residents for registration, how can the Government assure that the provision of personal data to the trade union or political party concerned complies with the Ordinance? Will the Government look into the matter?*

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

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, the agreement entered between the Government and the two Implementers has provided that the provision of personal data must comply with the Ordinance. This is very clear. Regarding the third parties, as I have said, we have not assigned any third parties to provide registration services. If a third party is commissioned to assist the registration of the needy families, it must comply with the provisions of the Ordinance. Therefore, we welcome any complaints to the Privacy Commissioner for Personal Data, and I believe he will definitely follow up the case effectively.

MR LAU KONG-WAH (in Cantonese): *President, I wish to switch from the issue of political conflicts or co-operation, which includes the co-operation of two rivals, to the Programme itself, which aims to assist students from low-income families to undertake web-based learning at home. In part (a) of the main reply, it is stated that 23 000 families have applied to join the Programme. I wonder if this is the expected or targeted number of families. I personally think that the number of families that have applied is not large relative to the actual number of low-income families in Hong Kong. Furthermore, among the various proposals set out in part (c) of the main reply, will it be more effective for school teachers to identify students and parents to join this meaningful Programme given that they know very well which students have such needs?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Mr LAU for his question. Performance indicators have been established under the agreement entered between the Government and the two Implementers, requiring that all services provided must meet the indicators. For instance, in respect of access to target beneficiaries, the Implementers must meet a certain target in different time. Looking at the number of beneficiary families that the two Implementers have approached, we believe they have already achieved the target established under the agreement. There are now 23 000 beneficiary families, and the relevant services will be further extended in a gradual and orderly manner in future. As Ms LAU has said, the Education Bureau and various schools will directly approach the parents and encourage them to use the relevant services. Nonetheless, we must also respect the privacy issue as mentioned in part (a) of the supplementary question. Therefore, we have not provided any personal data to the two Implementers, but allowed them to approach the eligible families on their own initiative. For publicity, there may be school visits, for instance, to inform families or parents to apply for the services. It takes some time for publicity to take effect, after which the beneficiary families will respond and join the Programme.

MS CYD HO (in Cantonese): *President, we notice from part (a) of the main reply issues on cost-effectiveness. So far, the HKCSS has served 2 386 families involving 6 007 students while eInclusion has served 4 761 families involving 5 497 students. By simple reckoning, for every single package of service, the*

HKCSS can take care of 2.5 students while eInclusion can only take care of 1.12 students. Therefore, the HKCSS is far more cost-effective. Yet, this is not a fair competition right at start because the low scorer can participate in the Programme but the high scorer cannot operate on its own. According to the Secretary, he would ask the two Implementers to share resources and experiences, meaning that the better performer will have to teach the other Implementer. How can there be competition? When will the Secretary assess the performance of the two Implementers? Please inform us the criteria to be adopted in advance. How can he encourage the Implementers to provide more effective and quality services, with a view to serving local families in a more comprehensive manner?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I think that we must be cautious when using the data. As the Programme has just started, we must look at the preliminary caseload in a more comprehensive manner. Regarding Ms HO's question, I would like use the figures mentioned in part (a) of the main reply as an example. In respect of the number of families, and students in particular, which have been approached, they are more or less the same for the two Implementers. We may also refer to other indicators. If we look at the number of beneficiaries who have used the services once, it is higher for the HKCSS than eInclusion. Yet, we cannot say which is better simply base on these figures. We will certainly conduct another review in the interim report to be published two years later, and as Ms Emily LAU has mentioned in her supplementary question, the two Implementers can make reference to the mode of operation of the other in the interim. As the figure will vary with the mode of operation, therefore we cannot say which is better or worse. Both have their own merits. Thus, sustainable development is made possible through mutual learning, which may also bring the greatest benefit to members of the public.

PRESIDENT (in Cantonese): Ms HO, has your supplementary question not been answered?

MS CYD HO (in Cantonese): *President, just now I asked the Secretary what criteria will be adopted in the assessment, and requested him to disclose them in*

advance so as to avoid any changes in the criteria as in the case of the tender exercise

PRESIDENT (in Cantonese): Ms HO, you have repeated your question. Secretary, Member asked about the assessment criteria.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, we have various assessment criteria, including the number of beneficiary families, training services and beneficiaries; the acquisition and usage of services, as well as the provision of free services. Above all, the most important indicator is the requirement that 85% of families which do not have Internet access services should enjoy such services for 12 months. Since the Programme has just been launched, we cannot provide the relevant figures at this stage. It takes some time for us to see if the Programme has been effectively implemented.

MS CYD HO (in Cantonese): *I hope that the figure mentioned by the Secretary just now also include cost-effectiveness.*

PRESIDENT (in Cantonese): Secretary, can you reply in writing after the meeting?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I am more than willing to provide the information in hand. I must nonetheless reiterate that the Programme has only been launched for a short period of time, so the information in hand may not be able to reflect the effectiveness. However, if Members really want to know the performance targets, I am more than willing to provide the necessary information. (Appendix I)

MR WONG TING-KWONG (in Cantonese): *President, members of the trade pointed out that the Government has not specifically required the applicants to*

use the subsidies to acquire computers or services related to web-based learning. The question is: Will the applicants spend the subsidies on other uses? If this is the case, will the Government claim back the relevant subsidies? Will the Government conduct a review on this?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Mr WONG for his supplementary question. During the planning stage, we already noticed that about 85% of primary and secondary students from low-income families have registered for Internet access services and are using services provided by different Internet services providers. They might have signed service contracts with these providers and cannot switch to Internet access services provided under the Programme at once. The purpose of the Internet Access Subsidy is mainly to reduce the expenses and burden of these families. Apart from Internet access services, the two Implementers also provide other free counselling and training schemes at present. In other words, the participants may not necessarily acquire products or services provided under the Programme, but can receive free training and counselling. In other words, the two things must be dealt with separately.

If we mandatorily require the beneficiaries to use the subsidy for specified services, I think this might give rise to counter-effects. The burden of the families concerned would increase as they have already signed fixed-term contracts. After the Programme has been launched for some time, the service contracts which they have signed should have expired. I think by then, they can consider joining the services provided under the Programme.

PRESIDENT (in Cantonese): This Council has spent more than 22 minutes on this question. Third question.

Recruitment of Non-local Registered Doctors

3. **MR FRED LI** (in Cantonese): *President, in view of the serious wastage problem of doctors in public hospitals in recent years, the Hospital Authority (HA), in addition to increasing promotion opportunities and recruiting part-time local doctors, also plans to recruit overseas doctors to practise with limited*

registration in Hong Kong, but the Allied Concern Group on the Standard of Medical Services in Hong Kong, which consists of doctors' associations such as the Hong Kong Medical Association, the Association of Private Medical Specialists of Hong Kong and the Hong Kong Public Doctors' Association, has jointly signed a submission to the Medical Council of Hong Kong (the Medical Council) to voice opposition. In this connection, will the Government inform this Council:

- (a) whether it knows the impact of non-Hong Kong residents using medical services in Hong Kong on the demand for doctors in private hospitals and specialists, and on the recruitment and retention of specialists by public hospitals; the current percentage of the number of attendances of non-Hong Kong residents in the total number of attendances of private hospitals per annum; whether the authorities will consider including a provision to prescribe the percentage of the number of attendances of non-Hong Kong residents of private hospitals when they apply for licence renewal; further, the number of doctors who have returned to the Mainland to set up clinics and hospitals or practise under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA); the impact on the supply of doctors in Hong Kong; how the doctor-to-population ratio in Hong Kong compares to that in other advanced countries which provide medical services for a large number of non-nationals;*
- (b) whether it knows the criteria adopted by the HA for the initial screening of the applicants for the overseas doctor posts; the number of doctors the HA intends to recruit in this way, as well as their specialties and ranks; the wastage rates of such posts in the past two years and the number of current vacancies; whether it will continue to recruit more overseas doctors to fill such posts; how the authorities will address the dissenting views of local doctors' associations and ensure that the overseas doctors recruited by the HA and their local counterparts can whole-heartedly work together in the future; whether, under the existing legislation or the Professional Code and Conduct for the Guidance of Registered Medical Practitioners in Hong Kong, doctors' associations are allowed to attempt to influence the decision of the Medical Council*

regarding the vetting and approval of applications for limited registration; and

- (c) *whether the authorities have reviewed the causes of the low passing rate of overseas doctors attending the Medical Council's Licensing Examinations; whether it knows if the Medical Council has a statutory obligation to make improvements to attract more quality medical personnel, having regard to safeguarding the public's health and interests?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, with an ageing population and advances in medical technology, there is an increasing demand for healthcare services in the community, and the manpower requirement for healthcare personnel grows commensurately. In the past few years, the HA has implemented a series of measures to address manpower issues. In 2011-2012, the HA will continue to recruit additional healthcare staff, including about 330 doctors and 1 720 nurses, to meet the service demand. To increase doctor manpower in the short term, the HA has enhanced the remuneration package and allowed greater flexibility for employments of part-time doctors early this year. Without affecting the promotion of other young doctors, the HA has taken proactive efforts to retain some of the doctors who have retired or left the HA. By now, some 60 senior doctors remain serving in the public hospitals on a part-time basis. In addition, the HA has, in recent years, created additional promotion posts, strengthened professional training and relieved the workload of its front-line healthcare workers by reengineering the work processes and streamlining work procedures with a view to boosting staff morale and improving staff retention. Since there will only be some 250 local medical graduates each year up to 2014, it is anticipated that the problem of shortage of doctors in public hospitals will persist in the next few years even after the implementation of such measures. Under such circumstances, the employment of non-local doctors with limited registration is necessary.

The Government supports HA's recruitment of non-local doctors to practise with limited registration as one of the additional and immediate measures to address the manpower problem. In tandem with recruiting non-local doctors to practise with limited registration, the Government has also taken steps to tackle the healthcare manpower shortage problem at source by a number of measures,

including allocation of an additional \$200 million to increase the number of training places for healthcare personnel. To ensure a sufficient supply of healthcare manpower in the long run, the Government will, on the basis of the outcomes of the Second Stage Public Consultation on Healthcare Reform, set up a high-level steering committee to conduct a strategic review on healthcare manpower planning and professional development. The steering committee will put forward recommendations in the first half of 2013 with a view to ensuring the healthy and sustainable development of our healthcare system.

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

- (a) With Hong Kong being an international city, there have always been non-local residents using the healthcare services of Hong Kong. Based on the number of hospital discharges and deaths, the percentage of non-local residents using public healthcare services is about 1.2%. In general, the demand of non-local residents for some specialist services, such as obstetric services, is higher. Private hospitals are regulated by the Department of Health under the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (the Ordinance). At present, there are 12 private hospitals registered in accordance with the Ordinance in Hong Kong. They are required to meet the conditions relating to accommodation, staffing and equipment. No restriction on these hospitals' service scope and target clients has been laid down in the Ordinance.

Under the liberalization measures of CEPA and its seven Supplements, the Department of Health of Guangdong Province has approved 10 certificates to the Hong Kong service suppliers for setting up clinics/out-patient clinics in Guangdong Province and 10 specialist doctors have obtained the Mainland's certificate of qualification as doctors through accreditation. Besides, according to information available to the Department of Health, a total of 23 registered western medical practitioners sat for the National qualification examinations for doctors and obtained the certificate of qualification as doctors from the Ministry of Health. With more than 12 000 registered doctors in Hong Kong, the impact of CEPA on the supply of doctors in Hong Kong is minimal.

As for the doctor-to-population ratio, there were about 12 800 doctors registered with the Medical Council as at end October 2011, equivalent to 1.8 doctors per thousand population. According to information from the Organisation for Economic Cooperation and Development and the countries concerned, the respective ratios of doctors per thousand population in other advanced countries in 2008 were, for example, 2.6 in the United Kingdom, 3.1 in the United States, 2.2 in Japan, 2.3 in South Korea, and 2.2 in Singapore.

- (b) When taking forward the non-local doctors recruitment scheme on this occasion, the HA has attached great importance to the quality of doctors and set up a Task Force of Limited Registration Scheme (the Task Force) specifically for scrutinizing the qualifications and eligibility of the applicants. To ensure that the recruited doctors have attained the required medical standard, all applicants have to be overseas medical graduates with at least three years' working experiences in hospitals after completion of their internship, and possess a specialist qualification comparable to the Intermediate Examinations of the constituent Colleges of the Hong Kong Academy of Medicine.

As at September 2011, the HA received a total of 160 applications, of which 29 were assessed to be eligible for further processing. The Task Force will first process applications from certain specialties which are with acute manpower shortage, including the specialties of medicine, anaesthesia, and accident and emergency. The HA already set up a selection board in late October 2011 to conduct interviews with the 15 shortlisted applicants who have met the requirements for the above three specialties. Subject to Medical Council's approval of their limited registration applications, the selected non-local doctors will be employed as resident doctors (equivalent to entry rank doctors in the HA) and only be allowed to work in the HA public hospitals. In 2009-2010 and 2010-2011, the turnover rates of doctors were respectively 5.2% and 5% in the specialty of medicine, 6% and 4% in the specialty of anaesthesia, and 3% and 5.7% in the specialty of accident and emergency. Members of the professional team of the concerned departments in

the HA will continue to work in a co-operative manner and will offer appropriate support and guidance as and when necessary.

- (c) The Medical Council, established under the Medical Registration Ordinance, is empowered to handle registration and disciplinary regulation of medical practitioners in Hong Kong. One of the main functions of the Medical Council is to administer and conduct the Licensing Examination for medical graduates from non-local medical schools. The Licensing Examination of the Medical Council aims to ensure that those who wish to register as medical practitioners in Hong Kong after having received medical training outside Hong Kong have attained a professional standard comparable to that of local medical graduates. This is to safeguard the quality of our medical services and public health. Hence, the Medical Council will ensure that the standard of the Licensing Examination is consistent with that adopted by the two faculties of medicine in Hong Kong for assessing their medical graduates. Papers of the Licensing Examination are also prepared by the teaching staff appointed by the two faculties of medicine and vetted by the Examination Sub-Committee of the Licentiate Committee under the Medical Council.

Under the principle of professional autonomy, the Government respects the arrangements made by the Medical Council regarding the registration of medical practitioners and its Licensing Examination. It is believed that the Medical Council will, as before, handle the registration of medical practitioners in Hong Kong on the premise of safeguarding public interest and protecting public health.

MR FRED LI (in Cantonese): *President, in the first paragraph of the main reply, the Secretary mentioned a series of measures to resolve the problem of manpower shortage, yet his conclusion is that the problem of shortage of doctors in public hospitals is expected to persist in the next few years even after the implementation of such measures; hence, it is necessary to employ non-local doctors with limited registration. However, according to the main reply, only 15 overseas doctors*

have been shortlisted for interview. Even assuming that they are all approved by the Medical Council, the number is at most 15, which is clearly inadequate.

I have all along kept in view commentaries in newspapers, as well as debates on television programmes or radio programmes, and I notice an important argument put forth by Dr LEUNG Ka-lau as well as other persons who oppose the recruitment of overseas doctors. They claim that within the hospital clusters, the workload of some doctors is heavy while others are light; the waiting time of some hospitals is very long while other hospitals are very short. In other words, the problem is caused by poor management of the HA. If these issues can be resolved, most of the manpower shortage problems can be resolved. That is a very important point, yet nothing has been mentioned in the Secretary's reply.

I hope the Secretary can tell us whether or not this situation exists? Is there any mismanagement? Is it possible to introduce any improvement such that most of the problems can be resolved immediately?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the work of each cluster or each hospital, as well as each department in each hospital under the HA is of course different. Their workload or degree of emergency is also different. For example, some specialist departments have to handle a large number of urgent cases. But if no patient is waiting at the Accident and Emergency (A&E) Department, doctors there will have nothing to do. As we all know, there are always patients to attend to at each A&E Department in Hong Kong. All staff members of each department work diligently day in and day out, even though the workload of some departments may be relatively less than other departments. I think every doctor, in particular young doctors, will envisage their future professional career when they choose their specialization. Therefore, I do not think it is a case of the staff in any particular department being lazy and not willing to work. Instead, it is about how we make the comparison.

Under the HA, dedicated management personnel are responsible for the deployment of staffing resources in each department and each hospital; and when necessary, resources will be deployed to those teams with heavier workload. Hence, I think a lot of work has already been done by the HA. If front-line doctors consider that some departments are particularly over-staffed, they should

make their views known to their supervisors. However, insofar as the present situation is concerned, staff shortage is an overall problem, rather than one having a greater impact on some departments and smaller on others.

Just now, I have also mentioned the doctor-to-population ratio of Hong Kong which, standing at 1.8 doctors per thousand population, is relatively low when compared with other advanced countries. Of course, in respect of primary care services, doctors will be complemented by Chinese medicine practitioners. However, in respect of hospital services, currently 40% of doctors are working in public hospitals, and they have to take care of 90% of in-patients. Therefore, the imbalance has existed all along. We understand, and this is a generally accepted fact, that doctors working in public hospitals are definitely busier than those working in private hospitals. I think at the present stage, we must gradually increase the number of public doctors so that their workload can be adjusted.

Over the past few years, with better arrangements in working hours, doctors can have enough rest. From this angle and in consideration of other factors, we must indeed increase the supply of doctors. Both short-term measures and policies to enhance doctors' training are in place to meet the need of the public sector. Regarding the private sector, we have yet to grasp their future development. But we will study the matter at the high-level steering committee on manpower resources planning.

MR CHEUNG MAN-KWONG (in Cantonese): *President, I want to respond to part (c) of the Government's main reply. The passing rate of the Licensing Examination of the Medical Council for overseas doctors is always on the low side, only about 10%. According to Prof FOK Tai-fai, Dean of the Faculty of Medicine of The Chinese University of Hong Kong, the Licensing Examination consists of five papers with syllabuses covering medicine, surgery, paediatrics, obstetrics, ear, nose and throat, psychiatry, as well as clinical examination. Local doctors can complete these five papers and the clinical examination within five years, while overseas doctors must pass these five papers and the clinical examination within one year. Prof FOK Tai-fai admitted that the Licensing Examination is extremely difficult for overseas doctors as they must display their full medical competence in one examination. I would like to ask the Secretary whether the Licensing Examination — which is presumably fair but actually obstructive — is a protectionist arrangement in disguise?*

As only four of the 28 members of the Medical Council are lay members, will the Government amend the legislation such that on the one hand, the number and ratio of lay members will increase, and on the other hand, the adequate supply of doctors is ensured. Will other methods be adopted to recruit overseas doctors without making life difficult for them, so as to achieve the objective of safeguarding public health?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as I mentioned in the main reply, the Licensing Examination of the Medical Council is generally on par with the examination of the medical schools. The examiners of the two existing medical schools are also involved in the Licensing Examination. Therefore, the standards of the two should be generally consistent.

According to the information I have, the Licensing Examination of the Medical Council consists of three parts, namely Examination in Professional Knowledge (Part I), Proficiency Test in Medical English (Part II), and Clinical Examination (Part III). Generally speaking, candidates who have passed the Examination in Professional Knowledge will have five years to complete the Clinical Examination, that is, they need not re-sit Part I and they will have time to prepare for Part II. For Part II, namely the Proficiency Test in Medical English, the passing rate is quite high. Even for doctors from non-English speaking countries who come to Hong Kong to sit for the examination, almost all of them pass this part of the examination.

The part with the lowest passing rate is the Examination in Professional Knowledge. For instance, the passing rate is 25% in 2010, that is, only one out of four candidates passed this Part of the examination; whereas for the Clinical Examination, the passing rate was 29%, that is, about one third of the candidates passed this part of the examination. Therefore, the relatively low overall passing rate is caused by the results of these parts of the examination. For example, out of the 168 candidates in 2010, only 11 finally passed all three parts of the examination. Of the candidates who have taken part in the Licensing Examination previously, 91 were from the Mainland and three were licensed; four from Australia and one licensed; one candidate from South Africa was licensed; 23 from the United Kingdom and five were licensed; 10 from Taiwan and one licensed. There were also candidates from a number of countries, including

Canada, India, New Zealand, Pakistan, Singapore, Argentina, Belgium, Dominica, Egypt, Ireland, Malaysia, Myanmar, the Philippines, Russia and the United States, but none of them passed the examination.

Notwithstanding the varying standards of the candidates, I think it would be most important for us to provide more opportunities by holding additional examinations so that those candidates who do pass the examination will be licensed to practise in Hong Kong. As such, I have recently contacted the Department of Health, which is responsible for providing secretariat support to the Medical Council, to see whether the number of examinations can be increased.

Regarding the composition of the Medical Council, as the relevant legislative has been enacted for a long time, we will also review the need for legislative amendments to introduce more lay members to the Medical Council in our next stage of review on professional development.

MR CHEUNG MAN-KWONG (in Cantonese): *The Secretary has not answered my supplementary question. As local doctors have five years to complete the five papers, overseas doctors only have one year to do so, I ask the Secretary whether this presumably fair arrangement is actually an obstruction with protectionism in disguise?*

PRESIDENT (in Cantonese): Secretary, when you answered the supplementary questions raised by Mr Fred LI and Mr CHEUNG Man-kwong just now, you have provided a lot of information relevant to the main question, which Members are also interested in. However, you have spent a lot of time in your answer, which prevents other Members from asking their questions. I now invite the Secretary to answer the follow-up question raised by Mr CHEUNG Man-kwong concisely, that is, whether there is any unfairness?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as far as I know, the examinations of the two medical schools are not entirely the same. For example, one medical school requires final year students to take 10-odd papers, and attend 60 clinical cases as part of the Clinical Examination. The students must pass all these before they pass the examination. Regarding

fairness of the examination arrangements, I think fairness is ensured so long as the established licensing system is similar to that of the medical schools of the two universities.

Of course, if specialist doctors who graduated from medical school a long time ago, or even specialist professors now teaching in medical schools, are asked to take this Examination, they may not be able to pass in one go. I can fully understand that. However, examination arrangements are adopted all over the world to ensure a particular standard of medical services. Therefore, I think there is a need to have the examination in place.

PRESIDENT (in Cantonese): This Council has already spent 23 minutes on this question. Apart from Mr Fred LI who asked the main question, only Mr CHEUNG Man-kwong could ask his supplementary question, and 10 other Members are waiting in the queue. Next, I am going to invite Dr LAM Tai-fai and Dr LEUNG Ka-lau to ask their supplementary questions. I hope the Secretary can give his replies as concisely as possible.

DR LAM TAI-FAI (in Cantonese): *No matter it is the lack of doctors or nurses, the fact is that there is an acute manpower shortage in the medical services of Hong Kong. This problem will directly affect the standard of public medical services. Hence, the public are undoubtedly worried. I can understand why the Government resorts to importing overseas doctors to meet the urgent need, but the importation of foreign labour fails to address the problem at root and will only create division and conflict within the sector, and there is no guarantee that the standard of medical services will be improved*

PRESIDENT (in Cantonese): Dr LAM, please ask your supplementary question and do not give your views.

DR LAM TAI-FAI (in Cantonese): *President, to solve the problems of manpower shortage and wastage, it is vital to provide staff training and retain talents. As the Chinese saying goes, "Man aims high whilst water flows downstream", doctors are also human beings, I would like to ask the Secretary whether the Government has any concrete or special plans, in respect of welfare*

benefits, to retain high-calibre and experienced doctors so that they would continue to work in public hospitals to serve the people?

PRESIDENT (in Cantonese): Secretary, please reply in relation to the retention of doctors in respect of welfare benefits.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I would like to explain briefly. As I have said just now, we have already asked the HA to retain doctors who will soon retire, or have just retired or left the HA. I also have the opportunity to meet with some senior doctors who said they would be willing to continue serving the HA. As I said in the main reply just now, on the premise of not affecting the promotion of other young doctors, it is very important to retain senior doctors to continue working in public hospitals either on a full-time or part-time basis. By now, some 60 senior doctors have agreed to work on such basis. We hope more doctors, in particular experienced and high-calibre doctors, will be retained to continue service. Regarding the recruitment of overseas doctors, they are mainly deployed to take up front-line posts.

DR LEUNG KA-LAU (in Cantonese): *I would finish asking my supplementary question in one minute. From the data I have on hand, over the past 12 years, the number of HA doctors has actually increased by 39%, and the number of total patient days — a direct indicator of workload — has dropped from 6.2 million to 5.3 million, representing a drop of 14% within the past 12 years. Regarding the waiting time of different clusters of the HA, to put it bluntly, the waiting times are highly uneven. For example, the waiting time for the Ear, Nose and Throat Department is one week in the Central Kowloon Cluster and 92 weeks in the New Territories West Cluster. I do not expect that the HA can achieve anything, but can it at least let the patient choose for themselves which cluster to seek medical treatment? Such a simple arrangement may greatly help reduce the overall waiting time.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, patients in Hong Kong are basically allowed to choose where they want to seek medical treatment. I think we all understand this arrangement. Nonetheless, my

response is that although the number of doctors has increased, the overall mode of medical services has also changed. In the past, when Dr LEUNG and I were young doctors (I am much older than he), we could finish one consultation quite quickly and the patient's expectation was not very high. But nowadays, we must explain everything to patients clearly so that they understand their illness, as well as their choices of treatment and the consequences. That requires good communication with patients, and this alone has increased the workload of doctors immensely. However, we consider that we must go after high standards and quality in order to improve our medical services. Therefore, we believe we should not just consider these figures. I cannot agree with Dr LEUNG's saying that the number of doctors is now pretty adequate, or even more than enough in Hong Kong.

PRESIDENT (in Cantonese): Doctors' consultation time with each patient is getting longer, and so is the Secretary's reply to Members' questions.

DR LEUNG KA-LAU (in Cantonese): *I want to ask a very brief supplementary question because this point is very important. The HA has imposed restrictions on patients seeking cross-district medical treatment*

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

DR LEUNG KA-LAU (in Cantonese): *The HA has imposed restrictions on patients seeking cross-district medical treatment. Therefore, my supplementary question just now is: Whether the Government will allow patients to seek cross-district medical treatment?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as far as I know, there are many cases of patients seeking cross-district medical treatment. That is a fact.

PRESIDENT (in Cantonese): Fourth question.

Measures to Assist Hong Kong Enterprises

4. **DR LAM TAI-FAI** (in Cantonese): *President, it has been reported that the debt crises in Europe and the United States continue to aggravate, creating uncertainties in the external economic environment as well as impacting on the external trade of Hong Kong, and banks have begun to tighten their credits. Compared with the same period last year, the exports of Hong Kong products dropped by around 29% and 25% respectively in July and August this year. The Financial Secretary stated that Hong Kong's external sector would encounter considerably serious challenges in 2012, and the external trade of Hong Kong in the remaining months of this year and even until early next year did not look optimistic, while Hong Kong's export trade and even the overall economy as well as the job market might deteriorate. In the face of various uncertainties in the external economy, will the Government inform this Council:*

- (a) *given that under the existing Small and Medium Enterprises Loan Guarantee Scheme (SGS), the Government acts as guarantor for up to only 50% of the approved loans, and the Small and Medium Enterprises Financing Guarantee Scheme (SFGS) of the Hong Kong Mortgage Corporation (HKMC) provides a loan guarantee ratio of up to 70% only, of the respective numbers of applications received and approved under the two schemes since January this year and the loan amounts involved; and whether it will reconsider making reference to the arrangements of the Special Loan Guarantee Scheme (SpGS) and expeditiously review and improve the two schemes, including raising the loan guarantee ratio to 80%, so as to meet the actual needs of the small and medium enterprises (SMEs) and address their financing difficulties; if it will, when the relevant work will commence; if not, of the reasons for that;*
- (b) *whether it will reconsider reviewing afresh and amending section 39E of the Inland Revenue Ordinance (IRO) for the purpose of enhancing the assistance provided to Hong Kong enterprises on the Mainland in upgrading and restructuring, boosting their sustainable competitiveness as well as developing the domestic sales market; if it will, of the details; if not, the reasons for that; and*

- (c) *given that at present, many SMEs and trade associations have reflected that they are facing an increasingly harsh business environment and that the Competition Bill (the Bill) still contains a large number of contentious provisions and details, the confidence of SMEs in the present business environment has been undermined and they are discouraged from pursuing continuous development, whether the Government will consider deferring the completion date of the legislative exercise for the Bill from the current Legislative Session as originally scheduled to the next term of the Government, so as to avoid increasing the uncertainties faced by SMEs at present and deepening their worries; if it will, of the details; if not, the reasons for that?*

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

- (a) Regarding the SGS run by the Trade and Industry Department (TID), the TID has received 1 580 applications from January to October 2011. One thousand four hundred and seventy three applications have been approved, involving a total loan amount of \$3.56 billion. As for the HKMC's SFGS, which was launched on 1 January 2011, 212 applications were received from January to October 2011. Two hundred and seven applications have been approved, involving a total loan amount of \$719 million.

Since the introduction of the SGS in 2001, the Government has introduced various enhancements to the scheme on several occasions in order to cope with the changing economic environment. Under the existing SGS, the maximum amount of guarantee for each SME is \$6 million. Based on the maximum guarantee ratio at 50%, the corresponding loan amount reaches \$12 million. The maximum guarantee period is 60 months. From the above application and loan figures, it can be seen that the SGS can meet the financing needs of business enterprises and is widely welcomed by SMEs. Because of the popularity of the scheme, we sought the approval of the Finance Committee of the Legislative Council on 18 July 2011 to

substantially increase the total loan guarantee commitment for the SGS from \$20 billion to \$30 billion.

As regards the SFGS launched by the HKMC, the aim is to provide a market-based loan guarantee scheme to Hong Kong enterprises, so as to meet their financing needs in a rapidly changing business environment. Under the scheme, eligible Hong Kong enterprises may obtain 50% to 70% loan guarantee. To further encourage banks to provide financing to enterprises including SMEs through the SFGS, the HKMC has launched a series of enhancements to the SFGS since 11 October 2011 after consulting different banks and trade organizations. The enhancements include:

- (i) allowing the SFGS's refinancing of revolving facilities guaranteed by the SpGS upon expiry of such guarantee;
- (ii) increase in the general interest rate ceilings for the SFGS-guaranteed facility from 8%-10% to 10%-12%;
- (iii) increase in the total loan limit of high interest rate loans, that is, loans with interest rate over 10%, from HK\$50 million to HK\$100 million per financing bank; and
- (iv) allowing drawdown of all types of revolving facilities to be done in both Hong Kong dollar and foreign currencies.

In addition, the HKMC has also clarified the *pari passu* arrangement, and streamlined the operational and application processes and procedures, and so on, so as to help banks handle the applications more efficiently. These enhancements should help banks to make effective use of the SFGS to meet the financing needs of the enterprises including SMEs, especially during times of market stress and adverse economic climate.

We always monitor closely the changes in the economic situation and financial markets and introduce effective support measures on a timely manner. For instance, in the light of the credit crunch arising from the global financial crisis in 2008, we swiftly introduced

the time-limited SpGS. With the recent sharp downturn in the external economy, our economy will face greater downside risks next year. As the Chief Executive has pointed out in the Policy Address in early October, we would brace ourselves for this and keep a close watch on changes in the external environment. We would pay particular attention to the difficulties faced by SMEs, and introduce timely and effective measures to tide them over when necessary.

- (b) In replying to the oral question raised by Dr LAM Tai-fai on 24 November 2010, the Secretary for Financial Services and the Treasury had already explained in detail the result of the review conducted by the Administration on whether the restriction of section 39E of the IRO should be relaxed as well as the related justifications. Subsequently, in response to a number of written questions raised by Dr LAM Tai-fai, the Secretary for Financial Services and the Treasury had reiterated that in view of Hong Kong's established taxation principles of "territorial source" and "tax symmetry", as well as the problem of transfer pricing, the Administration had come to a conclusion that there were no justifiable grounds to relax the existing restriction in section 39E of the IRO. The Administration does not intend to conduct another review on the same issue.
- (c) As regards the Bill, we understand the concerns of the business sector, especially those of SMEs. Without compromising the effectiveness of the Bill in tackling anti-competitive conduct, the Administration has proposed six amendments to the Bill to address the major concerns raised by the stakeholders, in particular SMEs.

The recent incidents of suspected anti-competitive conduct in the retail and wholesale sectors have shown that the competition law is closely related to the daily lives of our people. Only with the early implementation of the Bill could we effectively combat those anti-competitive conduct existing in the community, thereby safeguarding the interests of consumers, including business operators which are SMEs. To meet the public expectation, we will continue to build consensus on the Bill and maintain our original work plan to

press ahead with the enactment of the Bill within the 2011-2012 Legislative Session.

DR LAM TAI-FAI (in Cantonese): *President, I am greatly disappointed with the reply of the Government today. It seems that Secretary Gregory SO has done nothing since he assumed office other than promoting the competition law wholeheartedly with hard-sale tactics, and his only concern is to complete the legislative process of the Bill within this Legislative Session.*

In view of the present downturn in the global economy and the continual spread of the debt crises in Europe and the United States, we all know that Hong Kong economy is now in a difficult position. Since the Financial Secretary and the Chief Executive have both indicated that the future prospect of the economy is extremely unoptimistic, there is no reason that the Secretary is not aware of the severity of the situation. Relatively speaking, the competition law is not that urgent. If the legislation is enacted without first clarifying the provisions and details, SMEs will suffer. Since the enactment of the legislation on Article 23 of the Basic Law can be postponed, why the enactment of this legislation cannot be postponed? I really do not understand.

Secretary, you make no effort to address the urgent tasks, you do not take due actions to address issues that should be handled

PRESIDENT (in Cantonese): Mr LAM, please state your supplementary question direct.

DR LAM TAI-FAI (in Cantonese): *President, my supplementary question is straightforward. Today, the Government's main reply is utterly perfunctory, saying that appropriate measures will be introduced when necessary.*

Since the Government has not introduced any measure to support enterprises and preserve employment, may I ask whether the Secretary considers it unnecessary to introduce some powerful and effective measures to support enterprises under the existing economic condition?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, regarding the competition law and the views of Dr LAM Tai-fai, we have indeed put forth six amendments to the law in response to the worries raised by the business sector, in particular SMEs, during this period. As for the amendments to the competition law, I think I have already responded, where clarity has been effectively

DR LAM TAI-FAI (in Cantonese): *President, I do not want him to waste our time, will he answer my question immediately. Has he shown any concern about the situation?*

PRESIDENT (in Cantonese): I have stated repeatedly that Members should avoid making long remarks during question time. Mr LAM, since you have made some criticisms over certain government policies earlier when you expressed your views, I can hardly object the Secretary in responding to your views in his reply.

Secretary, please answer Dr LAM Tai-fai's question quickly, that is, whether the authorities consider that it is still not necessary to formulate measures to support enterprises under the present economic condition.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): In fact, in the face of the extremely uncommon macroscopic economic and financial situation, we will not slacken, and will continue to closely monitor the changes of the global economy and financial market.

Naturally, we will adopt diversified policies in various aspects. From the macroscopic perspective, we will provide a favourable business environment and appropriate support. We have a simple tax regime with low tax rate, we have sound mechanisms, and the Government has implemented supportive measures in various aspects to cope with the development of industries.

I believe Mr LAM knows very well that the SFGS introduced by the HKMC is a specific measure implemented at this special time to offer a flexible means to address the financing needs of the trade. Actually, we have

implemented various schemes, including the SGS, the SME Development Fund and the SME Export Market Fund. The various measures introduced by the Hong Kong Export Credit Insurance Corporation (HKECIC) have effectively addressed the needs of the business sector, which offer flexible arrangements to meet the current needs of the industries and facilitate the development of the industries at this time.

DR LAM TAI-FAI (in Cantonese): *I want you to give a fair comment*

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

DR LAM TAI-FAI (in Cantonese): *..... has he answered my question? Given the current situation, should the authorities introduce some special measures? This is the crux of my main question. He has only stated the current measures implemented in his reply.*

PRESIDENT (in Cantonese): The Secretary has precisely stated the special measures implemented under the present situation.

DR LAM TAI-FAI (in Cantonese): *No, it is wrong. It is absolutely wrong. You have not well understood what I said.*

PRESIDENT (in Cantonese): Let me ask the Secretary if he has anything to add.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I would like to add that we have, in fact, been enhancing these measures in response to market development and the aspirations of the industries. For instance, the HKECIC has provided export development measures on a number of occasions in response to the needs of the industries in various emerging markets. It is evident that arrangements have been made

basing on the needs of the market and the aspirations of the industries. Hence, effective adjustments have been made to the existing scheme to address the situation of various markets.

MR JEFFREY LAM (in Cantonese): *President, we notice that the debt crisis in Europe continues to aggravate, and that recently, Greece and Italy are in grave political and economic crisis. We reckon that the crisis will spread to other member countries of the European Union. Since a majority of products produced by Hong Kong manufacturers in the Pearl River Delta (PRD) Region are exported to Europe and the United States, as reported today, about 20 000 Hong Kong enterprises running in the PRD Region may be eliminated under the present crisis. Some time ago, we have repeatedly urged the Government to relaunch the SpGS and enhance the standard SGS and the various loan schemes of the HKMC.*

The Government pointed out that timely and effective measures would be introduced when necessary. Let me tell the Government, the business sector considers that it is now the appropriate time for the introduction of such measures. May I ask whether the Government concurs with this view? When will the measures be implemented? The Economic Synergy has put forth a proposal on enhancing the loan schemes of the HKMC, such as lowering the fees charged and raising the loan guarantee ratio. Has the Government considered enhancing the arrangements in these respects?

PRESIDENT (in Cantonese): Which Secretary will answer the question?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I thank Mr Jeffrey LAM for his supplementary question. First, I would like to talk about the SFGS of the HKMC. The SpGS was introduced during the financial tsunami, and in view of its successful implementation, the business sector urged the Government to introduce some sustainable schemes to offer financing assistance to SMEs, and the SFGS was thus set up.

During the onset of the financial tsunami, the SpGS offered by the Government had been very effective. Is the present economic condition as bad

as that time? With reference to certain objective figures, the situation has not necessarily been that bad. However, we notice that the situation in Europe is deteriorating. Hence, we must make a lot of preparation and deployment to address the possible risk of a downturn in economy.

At the same time, we are enhancing the existing mechanisms. Take the SFGS of the HKMC mentioned by Members as an example. An enhanced scheme was introduced in October to address the problems encountered in the implementation of the scheme as reflected by the business sector, such as issues relating to information and loan limit. Enhancement has been made in this respect and we will continue to work on that. In my view, there is a high potential for the continual implementation of the scheme, and we will continue implementing the scheme according to the changes of the prevailing economic condition. Hence, I would like to listen more to views of the industries to identify the improvements to be made in respect of operation. We will definitely follow these directions in enhancing the scheme.

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

MR JEFFREY LAM (in Cantonese): *No, it has not. President, we surely have to thank the Government*

PRESIDENT (in Cantonese): Please repeat in brief the part of the question which you consider the Secretary has not answered. Will Members please put forth their supplementary questions in a clear and concise manner, and then let the Secretary reply, so that other Members will also have a chance to ask questions.

MR JEFFREY LAM (in Cantonese): *President, the supplementary question I asked earlier is: Will the Government consider lowering the fees charged and raising the loan guarantee ratio?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Regarding the two issues on lowering the fees charged and raising the loan guarantee ratio, it naturally involves the continuity of the scheme as a whole, and prudent consideration is necessary. However, we should consider these views carefully giving due regard to the economic climate and other aspects, including the legitimacy of the scheme.

MR PAUL CHAN (in Cantonese): *President, my supplementary question is about the SFGS of the HKMC mentioned in the third paragraph of part (a) of the main reply. In the main reply, it is stated that the HKMC has launched a series of enhancements after consultation. My supplementary question is on item (2), "increase in the general interest rate ceilings for the SFGS-guaranteed facility from 8%-10% to 10%-12%". President, this is certainly an enhancement to banks, but definitely not so to SMEs.*

Members all know that it has been difficult to take out loans recently and the interest rate has increased substantially. If the interest rate ceilings is increase from 8%-10% to 10%-12% at this point of time, it will mean an increase of 20% to 25%. In fact, this will add an extra burden to SMEs. President, my supplementary question is: Against this background, will the authorities follow up with the HKMC to reverse the interest rate to the original percentage? For under the scheme, the percentage of guarantee has been lowered the risk incurred should have been lowered

PRESIDENT (in Cantonese): You have already stated your supplementary question, so let the Secretary reply. Which Secretary will reply? Secretary for Financial Services and the Treasury, please reply.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, the decision to increase the interest rate ceiling is made according to a review conducted after discussion with the industries, for more enterprises will be benefited from the increase. Certainly, the cost for financing has been increased. Recently, the interest rate in the market has increased, and if the ceiling is kept at the original level, it may render some enterprises ineligible

for the scheme. Hence, the increase of the ceiling will allow more flexibility in meeting the need of enterprises for loans.

MR PAUL CHAN (in Cantonese): *Does the Secretary mean that he will discuss the lowering of the ceiling with them after the meeting?*

PRESIDENT (in Cantonese): Mr CHAN, the Secretary has already given his reply. If you disagree with him, please follow up the issue on other occasions.

MS EMILY LAU (in Cantonese): *Dr LAM Tai-fai compares the competition law to the legislation on Article 23 of the Basic Law; President, he has overstated the importance of the competition law, though many people of Hong Kong do long for the implementation of the law. Dr LAM pointed out in the main question that at present many SMEs opposed enacting legislation in this respect. May I ask the Secretary to tell the Legislative Council, based on the information he has on hand, are there such a large number of SMEs opposing the legislation? Will the Secretary inform the Legislative Council whether many people indeed look forward to the early enactment of such legislation? Regarding the incidents concerned, including the several cases he mentioned earlier that involved Coca Cola and instant noodles, President, we are angry because the authorities cannot handle such cases. Hence, will the Secretary state clearly, are the authorities committed in responding to the aspiration of the public at large to enact expeditiously the legislation?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I agree with Ms LAU in saying that the public have expectation on the enactment of legislation. In the two consultation exercises conducted in 2006 and 2008, the aspiration of the public for the enactment of a competition law was made clearly known. During the period, particularly after the six amendments to the Competition Bill are proposed, I have met with many representatives from the business sector and examined the issue with them. Naturally, it is impossible that everyone is satisfied with the entire legislation as amended. However, on the whole, I think we have taken a significant step in fostering a consensus. The Government is determined to work in co-operation

with Members in the legislature in enacting the competition law as soon as possible within this Legislative Session, so that the general public may benefit from the competition law.

PRESIDENT (in Cantonese): This Council has spent 21 minutes on this question. Fifth question.

Conservation of Statutory Monuments and Historic Buildings

5. **MISS TANYA CHAN** (in Cantonese): *Since April 2003, four historic buildings have been declared as proposed monuments, and two of them have already been declared as statutory monuments. The latest building declared as a proposed monument is the Ho Tung Gardens on The Peak. The Government recently intends to declare the Ho Tung Gardens as a statutory monument and is negotiating with the owner of the Ho Tung Gardens on the compensation package. As the issue has given rise to public debate over the conservation policy on monuments and historic buildings, will the Government inform this Council:*

- (a) *given that different compensation proposals were made by the authorities in handling the compensation for the three proposed monuments, namely the Morrison Building, King Yin Lei and Ho Tung Gardens, of the criteria based on which the authorities formulated the compensation proposals, and how the authorities have formulated the compensation proposal for the owner of the Ho Tung Gardens according to these criteria;*
- (b) *given that at present the authorities handle the compensation arrangement for the declaration of private properties as proposed monuments on a case-by-case basis, whether they will consider developing a specific mechanism and consistent standards for making compensation to owners of statutory monuments, as well as formulating principles and procedures for adopting which form of compensation (for example, land swap and transfer of plot ratio, and so on), so as to avoid society forming the impression that the current compensation arrangements lack consistent standards and*

transparency; if they will, of the details; if not, the reasons for that; and

- (c) *as the existing legislation provides statutory protection for proposed and statutory monuments only, without giving the same protection to the graded historic buildings confirmed by the Antiquities Advisory Board, whether the authorities will consider conducting a comprehensive review of the conservation system for proposed and statutory monuments as well as graded historic buildings, and introduce legislation to preserve graded historic buildings; if they will, of the details of such review; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, under the new heritage conservation policy announced by the Chief Executive in October 2007, the Administration recognizes that on the premise of respecting private property rights, we need to offer appropriate economic incentives to encourage or in exchange for private owners to conserve historic buildings in their ownership. From October 2007 till now, we have, including the preservation-cum-development proposal of the China Light and Power which was approved by the Metro Planning Committee of the Town Planning Board last week, successfully secured owners' agreement to conserve historic buildings under five projects through the provision of economic incentives. They comprise a monument (King Yin Lei), a Grade one building (the clock tower of the China Light & Power Administration Building), two Grade three buildings (Jessville at 128 Pokfulam Road and the front portion of the shophouse at 179 Prince Edward Road West) and a group of four Grade one or Grade two buildings of the Hong Kong Sheng Kung Hui.

My reply to the three parts of the question is set out below:

- (a) As evident from the successful cases in the past few years, the policy of providing economic incentives for conserving privately owned historic buildings is not confined to the option Miss CHAN mentioned in her main question, that is, by means of proposed monuments. Generally speaking, a historic building may be declared as a proposed monument in view of a demolition threat. The Antiquities Authority, having consulted the Antiquities

Advisory Board, may consider it necessary to declare the building as a proposed monument to provide a buffer period of 12 months for ascertaining the heritage value of the building and exploring the possibility of conservation with the owner. In fact, we welcome it even more if owners of historic buildings proactively contact us, at any time, to explore proposals which can balance conservation and development at any time. While the provision of economic incentives serves a compensatory function to a certain extent, it is not the established compensation arrangement for resumption of private land or property by the Administration. In formulating the appropriate economic incentives, factors to be taken into account are generally as follows: the heritage value of the historic building concerned, the development potential and value of the site where the building is located, the space provided by the site from the planning perspective, the wish of the owner, the land and financial implications on the Administration, as well as the anticipated public reaction. It is indeed because of the need to consider a multitude of factors, and that the cases involved are few in number but very diverse in nature, it is considered appropriate to formulate feasible proposals according to the circumstances of individual cases.

Regarding the case of Ho Tung Gardens, having considered its significant heritage value and the value of the site at The Peak on which the Gardens is located, as well as the fact that the owner has obtained approval for her plans to demolish and redevelop the Gardens, we consider it necessary to offer a site which allows the owner to pursue development as an economic incentive. The owner has once expressed interest in the provision of economic incentives by the Administration or the land exchange proposal as in the case of King Yin Lei. We have therefore explored the technical feasibility, and offered the owner with a feasible land exchange proposal in May this year in order to preserve the most important parts of Ho Tung Gardens. According to the land exchange proposal, we will apply the original development parameters of Ho Tung Gardens (including the site area, plot ratio and building height) to the new site, after land exchange, as a reasonable economic incentive. So far, we have not yet reached an agreement with the owner.

- (b) As I mentioned just now, the type and extent of economic incentives are determined on a case-by-case basis, and seek to strike a balance between respect for private property rights and heritage conservation. Since each historic building is unique and the demand and wish of each private owner are not the same, adopting a standardized proposal will not be conducive to the formulation of the most appropriate economic incentive in exchange for the conservation of the historic building concerned by the owner.

When applying the policy of providing economic incentives, we will present the proposal to the public and adhere to required statutory procedures. For example, in the case of King Yin Lei, we presented the land exchange proposal to the public at the very first instance and followed the established town planning procedures to rezone the newly granted site used for land exchange from Green Belt to residential use. This set of procedures include making public the rezoning application by the Town Planning Board (TPB) when received and allowing the public to express their views within a certain period of time. Those who have made submissions may also make presentation in person at the TPB meetings. In the case of Ho Tung Gardens, I also presented to the public the economic incentive proposal offered to the owner when I announced the intention to declare Ho Tung Gardens as a monument. I thus consider the existing mechanism reasonable and appropriate.

- (c) While the mechanism for providing compensation to the owner by the Antiquities Authority as stipulated under section 8 of the Antiquities and Monuments Ordinance (the Ordinance) is only applicable to those historic buildings which have been declared as proposed monuments or monuments under the Ordinance, economic incentives may be made available to those graded historic buildings which are not under statutory protection. Moreover, through the new heritage conservation policy formulated in 2007 and the work in recent years, we have appropriate measures in place to protect and conserve all categories of historic buildings. These measures include conducting heritage impact assessment for all new capital works projects, completing the heritage assessment of the 1 444 buildings systematically, setting up an internal monitoring

mechanism under which the Commissioner for Heritage's Office and the Antiquities and Monuments Office will be alerted to take action when possible threats to historic buildings are known, as well as regarding Grade one buildings as highly valuable historic buildings for consideration by the Antiquities Authority as to whether they may have reached the "high threshold" of monuments to be accorded with statutory protection when necessary.

The abovementioned measures have already provided effective protection to historic buildings in Hong Kong, and struck a balance between respect for private property rights and heritage conservation. We will continue to monitor the implementation of this new heritage conservation policy and do not have plan currently to conduct another comprehensive review.

MISS TANYA CHAN (in Cantonese): *President, I am particularly concerned about what the Secretary has said in the preamble and part (a) of her main reply. In part (a) of the main reply, the Secretary has said that the provision of economic incentives serve as "compensation", but that is not an established compensation practice. This is precisely what the public are most concerned about as the transparency is extremely low. Furthermore, the list of factors for consideration, which the Secretary has mentioned, is not even listed when the new heritage conservation policy was formulated in 2007. One of the factors which is of particular concern to me is the "anticipated public reaction" which is very abstract. "Public reaction" is already hard to be measured, not to mention that we are now talking about "anticipated public reaction". Hence, I cannot help but ask: the Secretary has just said that any proposal concerning the provision of economic incentives shall be presented to the public by the Commissioner for Heritage, but President, as you know, presenting proposals to the public is an one-way communication. On the other hand, the "anticipated public reaction" can only be gauged by public consultation. As such, how is the Secretary going to interpret the "anticipated public reaction", or what is the meaning of "anticipated public reaction" to her?*

SECRETARY FOR DEVELOPMENT (in Cantonese): First of all, I need to reiterate that the law is not always the only solution to address different issues,

particularly when it comes to heritage conservation. This is precisely why we have included the option of providing economic incentives for private owners of historic buildings in the new heritage conservation policy formulated in October 2007. As I have already stated in the main reply, the advantage of providing economic incentives is that it is applicable to monuments or proposed monuments under statutory protection as well as graded historic buildings. I also mentioned the consultation process. If an economic incentive measure requires a consultation exercise under the statutory procedure, it shall adhere to the requirement. For instance, in order to change the land use of a plot for a land exchange proposal, the TPB must be involved. However, in order to make the policy of providing economic incentives more transparent, we have, in a number of past examples, sought to present the proposals concerned to the public at the very first instance, so as to rouse public discussion. By doing so, we can gauge public acceptance of our proposed measure of providing economic incentives. This is how we seek to enhance transparency of our work in this respect.

How to assess public reaction on a certain issue after the disclosure of highly transparent information is in itself not a science but something we should be able to grasp. We have received very positive and active response in the past few cases, including the land exchange proposal that I recently proposed in relation to the Ho Tung Gardens.

MR IP KWOK-HIM (in Cantonese): *President, in terms of heritage conservation, the Development Bureau has indeed achieved encouraging results recently, as many local monuments with historic values have been put under protection. However, while the provision of economic incentives is a desirable option in striking a balance between the two sides, should the Government consider other possibilities apart from planning incentives and maintenance grants which are now included as a form of economic incentives? For instance, apart from providing the two economic incentives above, the Macao government also provides tax rebates for enterprises which conduct economic activities, including commercial activities, in historic buildings. Tax rebates will be granted to the enterprise concerned five years after the building has been declared a historic monument and the completion of the restoration work. Will the Government consider adopting a greater variety of measures similar to those adopted in Macao?*

SECRETARY FOR DEVELOPMENT (in Cantonese): I thank Mr IP for his supplementary question. In reply to other Member's oral question just now, my colleague has pointed out that Hong Kong has a simple tax structure. In order to maintain this simple tax structure, we have not pursued the policy of heritage conservation in the direction that Mr IP has mentioned.

PROF PATRICK LAU (in Cantonese): *President, I very much appreciate the all-out efforts made by the Secretary. Despite the fact that Hong Kong does not have any heritage conservation policy, she still manages to put graded historic buildings under protection through different means.*

At present, the Ho Tung Gardens can be preserved as it has been declared a proposed monument, but the buffer period only lasts for one year. May I ask the Secretary, if the time limit is extended, will it be easier to devise more options for consideration, so that for these Grade one or two historic buildings, we can identify other approaches that can attain balanced development; or we can, in the area of urban planning, have other more desirable approaches, such as public reaction as mentioned by Miss Tanya CHAN? Can the authorities extend the time limit of proposed monuments? If they can.....

PRESIDENT (in Cantonese): Prof LAU, you have made your supplementary question clear.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, under the provisions of the Ordinance, the effective period of a proposed monument only lasts for 12 months. Moreover, if the proposed monument is in private ownership, the period cannot be extended. Based on the cases that I have handled and the experience accumulated in the past few years, I do not think that stipulating this time limit is undesirable because the parties concerned will be more eager to meet for a few more times and try to reach an agreement before the deadline. I thus hold that stipulating a 12-month buffer period is an appropriate arrangement for, as I just said, further ascertaining whether the historic building concerned should be declared a statutory monument and exploring possibilities with the owner.

MR LEE WING-TAT (in Cantonese): *President, I also very much appreciate the Secretary's efforts in heritage conservation, but I wish to raise two points for the Secretary's consideration. First, the historic buildings which need to be conserved are substantial. The authorities have handled five projects in the past five years, but there are thousands of historic buildings of different grading. To say vulgarly, the owners have yet to "bother" the Government. Given the price of land on Hong Kong Island and in busy urban districts, if 100 owners of old buildings in these districts intend to discuss their redevelopment plans with the Government and each proposal takes about one year to complete, the Secretary will be exhausted no matter how super a "fighter" she is.*

Thus, may I ask the Secretary whether she has ever considered adopting other new strategies? At present, the authorities often wait passively for building owners to initiative a discussion. Can consideration be given to other options, such as setting up a fund or following overseas practice to establish a number of funds with private donations or government funding, so as to address the aforesaid problem of insufficient manpower? The Secretary alone cannot handle all the problems. I do not wish to see the Secretary tired herself out. Hence, may I ask whether she has considered other strategies and approaches?

SECRETARY FOR DEVELOPMENT (in Cantonese): *President, I thank Mr LEE for his concern about our heavy workload. In fact, we know how many historic buildings there are in Hong Kong. In respect of the 1 444 buildings of which we have started a heritage assessment earlier, we have so far assessed about 80% of the buildings. To date, 160 buildings have been confirmed as Grade one historic buildings and are included in our waiting list, to which we will unhesitatingly exercise our power to put them under protection when necessary. Of the 160 buildings, many are already owned by the Government. Hence, in the past few years, ongoing efforts have been made to initiate discussion with private owners of Grade one historic buildings. If the owners do not intend to demolish or redevelop the historic buildings, that is fine; we will not compel the owners to hand over the ownership to the Government or to open the building for public use.*

Regarding the points made by Mr LEE, based on our experience or views shared in overseas visits, no governments would generally purchase privately-owned buildings with hard cash. Even if a fund has been established,

the money will only be used for maintenance, education and promotion and it will not be used for purchasing historic buildings in private ownership because the purchase involves a large sum of money and this is not the best option.

Hence, if Mr LEE's proposal is to establish a fund for purchasing these buildings, we will not consider this option under the prevailing policy. However, if it is in the form of private donation, we certainly welcome it. As a matter of fact, there were such precedents in the past and the Lui Seng Chun building is one such project funded by private donation. Most importantly, under the prevailing strategy, we will not wait passively for owners to approach us and Mr LEE can be reassured for that. After a building has been proposed as a Grade one historic building, we will approach the owner to explore his views and aspirations. If the owner intends to preserve the building but has difficulties in the maintenance, we can provide maintenance grants for him. If he genuinely wishes to redevelop the building, we will start exploring this possibility with him. In the five projects mentioned today, apart from King Yin Lei which is rather special, many of the remaining proposals were derived from the above strategy. We now have a number of proposals under negotiation. Once the time is ripe, we definitely will present the proposals to the public with the largest degree of transparency possible, just like the way I have mentioned in my reply to Miss Tanya CHAN's question just now.

MISS TANYA CHAN (in Cantonese): *President, it is evident that since the Secretary took up the present position, she has made tremendous efforts in conservation. However, as the Secretary has said the other day, conservation and development must go hand in hand. The reason why we wish to establish a system is that this is the only way for works to be sustainable. Given that we cannot amend the law, we can at least establish a policy or system which is sustainable and transparent, but I do think that the present system is transparent enough, nor is it consistent.....*

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

MISS TANYA CHAN (in Cantonese): *Sorry. I shall cite an example for illustration. For some Grade two historic buildings, the authorities may*

sometimes increase the plot ratio to allow a bigger construction floor area. On the other hand, however, some historic buildings can only be redeveloped according to their original plot ratio after they have been changed from a Grade one historic building to a proposed monument, just like the Ho Tung Gardens in question. I certainly am not asking the authorities to offer a higher plot ratio without any grounds.....

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

MISS TANYA CHAN (in Cantonese): *I just want to ask the Secretary, what measures does she have to enhance the transparency of the system? Is bonus plot ratio not an option considered in conservation proposals?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, we have not granted any bonus plot ratio in any of the cases we have handled. Miss CHAN may have noted that the approach which I mentioned in the main reply is the provision of economic incentives which, to a certain extent, is a way of making compensation to the owners for the losses incurred. Hence, whether by means of land exchange or a slight relaxation on the plot ratio or building height, all the approaches are compensatory in nature. We consider it necessary to provide incentives and compensation for owners of historic buildings who are willing to preserve rather than demolish the buildings. This is different from the granting of bonus plot ratio, a practice we usually adopted in the past to increase the attractiveness of a certain proposal by means of providing additional concession.

According to my understanding, Miss CHAN has expressed her concern over the sustainability of heritage conservation policy. I can assure Miss CHAN here that the efforts made in these few years which I have mentioned are all originated from the policies announced by the Chief Executive in the policy address in October 2007, which were in turn originated from proposals made by the Executive Council in September 2007, in just the same way as the Executive Council has formulated all other policies for Hong Kong. Thus, the policy is sustainable.

Moreover, the establishment of the Commissioner for Heritage's Office, one of the efforts we have made, is also a sustainable framework because it is a standing establishment. Besides, all these efforts should have, to a certain extent, responded to public aspirations and enhanced public acceptance. I thus believe that the achievement made in heritage conservation in these few years cannot be easily denied.

PRESIDENT (in Cantonese): Last question seeking an oral reply.

Operation of Hung Hom—Central and Hung Hom—Wan Chai Ferry Services

6. **DR PRISCILLA LEUNG** (in Cantonese): *President, it has been learnt that upon the expiry of its licence on 31 March this year, the Star Ferry Company Limited (Star Ferry) had ceased operating the "Hung Hom—Central" and "Hung Hom—Wan Chai" ferry services. The Transport Department (TD) conducted two public tender exercises between end of last year and early this year respectively to invite bids for the operation of the two ferry routes, but no tender submission was received. In this connection, will the Government inform this Council:*

- (a) *given that the 500-m long promenade near the Hung Hom Ferry Pier has been opened for public use since early September this year, which connects a 4-km waterfront walkway from Hung Hom to Tsim Sha Tsui where members of the public and tourists can stroll around and enjoy the magnificent views on the two sides of the Victoria Harbour, whether the authorities will consider adding tourism elements to the two aforesaid ferry routes, so that the ferry services and the waterfront promenade can complement each other and become an attraction benefiting the tourism industry, as well as conduct a tender exercise for the third time for the two ferry routes to help promote the development of the public space and tourist attractions on both sides of the Harbour;*
- (b) *given that the authorities obtained approval from the Finance Committee of this Council in November 2010 for a commitment of about \$110 million to provide helping measures to the operators of*

six outlying island ferry routes during the three-year new license period commencing 2011, including reimbursing the vessel maintenance and repair cost incurred by the ferry operators, whether the authorities will consider afresh providing similar helping measures to the operators interested in operating the "Hung Hom—Central" and "Hung Hom—Wan Chai" routes in the future, so as to encourage suitable operators to operate these two ferry routes; and if not, of the reasons for that; and

- (c) *given that under the Ferry Services Ordinance, in addition to invitation for tender, the Commissioner for Transport may, upon consultation with the Director of Marine and the Director of Civil Engineering and Development, consider granting a licence to operate a ferry service to any interested operators which the Commissioner thinks fit, whether the authorities will consider exercising the power under the Ordinance to proactively identify suitable operators to run the two aforesaid ferry routes; if not, of the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):

- (a) The Star Ferry operated the "Hung Hom—Central" and "Hung Hom—Wan Chai" licensed ferry services from 1 April 1999. Due to the enhancement of the public transport network and the relocation of the ferry pier in Central in 2006, the average daily patronage of the "Hung Hom—Central" route reduced by about 44% from about 5 000 in 1999 to about 2 800 in 2010. On the other hand, the actual patronage of the "Hung Hom—Wan Chai" route was on a low side with an average daily patronage of about 2 700. The patronage per trip during peak hours for the two services was only around 20 to 100 while on certain non-peak sailings, there were only a few passengers. As a result of the continuous reduction in patronage and increasing operating costs, the Star Ferry suffered from financial loss in operating the two ferry services since 2001.

To enhance the long-term financial viability of ferry services, the Government has been providing various helping measures to ferry

operators, including taking over pier maintenance responsibility, waiving fuel duty, and reimbursing pier rentals and exempting vessel licence fees for ferry services under the Elderly Concessionary Fares Scheme. The Government has also allowed ferry operators to sublet pier areas not used for ferry operation for commercial and retail activities in order to generate non-fare box revenue to cross-subsidize the ferry operation. Despite implementation of the above helping measures, and approval granted to the Star Ferry for fare adjustment during its operation, the financial position of the two services was still unsatisfactory. Due to persistent financial loss of the two services, and in anticipation of a lack of significant growth in patronage, the Star Ferry ceased operating the two services upon expiry of licences on 31 March 2011.

The TD conducted two tender exercises between September 2010 and December 2010 with a view to selecting suitable ferry operators to continue the operation of the two services. Prior to the second tender exercise, the TD consulted the relevant District Councils (DCs) and locals of the concerned districts on how to enhance the viability of the two services so as to attract prospective ferry operators to bid for the operation. Subsequently, the TD relaxed the service requirements, including:

- (i) splitting the two services into two packages (that is, individual route or combined operation) to allow more flexibility;
- (ii) slightly shortening the operating periods and allowing a reduction in service frequency to better match the passenger demand pattern; and
- (iii) allowing deployment of vessels with smaller seating capacity to operate the licensed services to save costs, and so on.

Nevertheless, same as the first tender exercise, no tender submission was received by the TD when the second tender closed.

The Administration considers that the results of the two tender exercises have reflected the market assessment that the operation of

the two services is not financially viable under the existing operating environment with persistently low level of patronage and highly volatile oil prices. Since the TD had published notices in the Gazette and newspapers during the two tender exercises, and sent letters of notification to all licensed ferry operators, we consider that ample opportunities were given to interested parties or prospective ferry operators to express their interest in the operation of the services.

Regarding the proposal of adding tourism elements to the "Hung Hom—Central" and "Hung Hom—Wan Chai" ferry services so that they can combine with tourism development and complement with the newly opened Hung Hom Promenade, there are at present sightseeing tour services operated by ferry service operators in the market. For instance, the Star Ferry has been operating the "Harbour Tour Service" mainly for tourists to enjoy the views on the two sides of the Victoria Harbour. Moreover, its "Tsim Sha Tsui—Central" and "Tsim Sha Tsui—Wan Chai" ferry services have also attracted many tourists to enjoy the beautiful scenery of the harbour. As an open space, the Hung Hom Promenade provides footpaths for walking or jogging, and amenity lawn for residents to enjoy the scenery of Victoria Harbour and fireworks displays during festivals. Since the major design concept of the promenade is to provide a tranquil and pleasant waterfront area for public enjoyment, its opening is not expected to attract a significant volume of additional ferry passengers.

We will keep in view the inclination of the ferry trade. In the event that ferry operators in the market put forward detailed proposals on the above two routes to the Government, we would study and assess the feasibility of such proposals. However, no operator has expressed interest to the TD in introducing ferry routes between Hung Hom, Central and Wan Chai with tourism elements so far.

- (b) It is the Government's established policy that public transport services should be operated by the private sector in accordance with commercial principles to ensure their cost-effectiveness and efficiency. The Government would provide the necessary

infrastructure, for example, road links, ferry piers and bus termini to support the provision of the services. This policy equally applies to the provision of ferry services.

As mentioned in part (a) above, to enhance the long-term financial viability of ferry services (including the two services which have ceased operation), the Government has been providing various measures to enable ferry operators to reduce operating costs and increase non-fare box revenue. Should there be any new ferry operators running these routes in future, the Government will provide them with the same helping measures.

With regard to the further helping measures provided to the six major outlying island ferry services within the three-year new licensing period commencing 2011 for sharing some of the burden of fare increase to passengers, the Administration has taken into account that ferry services are the only means of transport for some of the outlying islands. Therefore, we have to ensure that such essential transport services are provided to the residents. Compared with the six major outlying island ferry services, inner harbour ferry services are regarded as supplementary transport services and there are other alternative modes for the public to choose from.

In fact, when the two services ceased operation on 1 April this year, bus companies have since increased the frequency of cross-harbour bus route 115 heading for Hong Kong Island and that of KMB route 8P during morning peak hours to cater for the demand arising from passengers affected by the cessation of the ferry services. In addition, affected passengers heading for the Hong Kong Island may take red minibuses and the three green minibus routes in Hung Hom District to Mong Kok, Jordan and Tsim Sha Tsui to interchange with the MTR or other public transport modes.

According to the TD's observation, the alternative bus and minibus services are able to cope with the passenger demand after the cessation of the two services. For instance, during the morning peak hours, the average spare capacity of the cross-harbour bus route 115 heading for the Hong Kong Island stands at around 20%.

Moreover, the increase in traffic flow arising from the switch of passengers from ferry services to road-based public transport does not affect the road traffic of the Hung Hom District and the Cross Harbour Tunnel area in Hung Hom.

- (c) After the Star Ferry had indicated to the TD that it would not apply for extension of licences to operate the two services, the TD proactively liaised with the Star Ferry to explore the feasibility of the continuation of the two services. However, since the two services had been sustaining losses, the Star Ferry indicated that it was difficult to retain the two services having regard to the need to maintain a minimum service level required to meet passenger demand, their financial viability and fare levels that would be acceptable to the passengers. As a result, the TD conducted tender exercises for the services but no tender submission was received in the two exercises.

According to section 28 of the Ferry Services Ordinance, the Commissioner for Transport may consider granting licences to any interested operators to which the Commissioner thinks fit to operate these two ferry services. Nevertheless, the Commissioner shall, before granting a licence, consult with the Director of Marine and the Director of Civil Engineering and Development with respect to the proposed grant and the proposed conditions of such licence. As ferry services should be operated by the private sector in accordance with commercial principles to ensure their cost-effectiveness and efficiency, the TD will keep in view the inclination of the ferry trade and interested operators are welcome to make direct application to the TD for the operation of the above ferry services. Up till now, no operator has expressed interest to the TD in operating the concerned ferry services.

DR PRISCILLA LEUNG (in Cantonese): *President, in the third paragraph of part (a) of the main reply, the Secretary has stated that the Government conducted two tender exercises for the two ferry services between September 2010 and December 2010. The Secretary should have known that, in March 2011, the DC concerned and the Panel on Transport of the Legislative Council*

unanimously agreed to request the Government to invite tender for the two ferry services for the third time. In September 2011, when the Hung Hom Promenade opened after reading the main reply, I find that the Secretary is very passive, saying that no one has approached the Government so far. It was September and December last year when the Government last contacted the Star Ferry, but the traffic condition of Hung Hom has changed since the commencement of the MTR project. When we proposed to the Secretary in mid-October, we mentioned that with the opening of the Promenade, ferry services could be diversified and water-taxis could be introduced. Furthermore, on the basis that traditional ferry services would only be provided at peak hours, the Government should conduct the third tender exercise, so as to respond to the unanimous request of the Kowloon City DC and the Panel on Transport of the Legislative Council. This is the cheapest way to respond to public views. Why does the Government not consider that?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):

President, I understand Dr Priscilla LEUNG's concern about the transport issues of Hung Hom. As mentioned in the main reply, two tender exercises had been conducted. The first one was a re-tender exercise which did not impose any fare restrictions. In the second tender exercise, we relaxed certain conditions after listening to the views of the DC.

The arrangement that I have mentioned in part (c) of the main reply actually offers the greatest flexibility. I believe that Dr LEUNG is not aiming at conducting another tender exercise. What she wants is to have an operator willing to provide the ferry services. Invitation of tender is just a means to an end.

Therefore, we think the best way is to allow interested operators to contact the TD directly. In the last two tender exercises, we had sent letters to notify all licensed ferry operators. Operators who have their own ferry fleet are all aware of this business opportunity.

When the operators take the initiative to contact us, they only have to provide information on frequency, services and so on. In case they wish to introduce any tourism elements to the ferry services, they may give us a detailed proposal. This is the most flexible way to deal with the present situation.

Although the TD wants to have operators providing such ferry services again, the Director of Marine will have to be consulted on safety issues. Meanwhile, the Director of Civil Engineering and Development will have to consider the use of piers and certain structural problems.

In case any applicant is able to meet all these basic requirements, we will be willing to accommodate their operational needs. Such arrangement is better than calling for tenders for the third time because some tender conditions may not go well with the operational needs. The flexibility will then be reduced. Therefore, the present arrangement as stated in part (c) of the main reply is the best.

Members should understand that should there be major operation difficulties what I want to say is that it is indeed quite difficult to operate a ferry service when the average patronage on each sailing is as low as around 20 and there are only 20 to 100 passengers on each sailing during peak hours. Nevertheless, I will not rule out the possibility that some operators may be interested in providing the ferry services if other elements are to be introduced.

In conclusion, we consider our present arrangement the most constructive and flexible option.

DR PRISCILLA LEUNG (in Cantonese): *President*

PRESIDENT (in Cantonese): Dr LEUNG, the Secretary has already answered your question. If you do not agree with her answer, please follow it up on other occasions. If you have other supplementary questions, please wait for another turn.

MR ANDREW CHENG (in Cantonese): *President, the operation of ferry services is just like a piece of chicken rib, which is too unpalatable to eat but too good to throw away. From a business perspective, many operators do not consider it profitable.*

In part (b) of the main reply, the Government has stated that the established policy is to have public transport services operated by the private sector in accordance with commercial principles. However, this policy no longer works for local ferry services. This is an unusual policy area which has to be dealt with in an unusual manner.

The MTR, which operates on a commercial basis, has 70% of its shareholding owned by the Government. I would like to ask the Secretary if she will adopt the same approach for the provision of ferry services. In order to maintain ferry services, will the Government consider acquiring a ferry fleet or set up a company to work with the business sector in the capacity of the major shareholder?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, why do we prefer commercial operation? That is mainly for the sake of efficiency and cost-effectiveness. However, we know that some ferry services are essential. Therefore, under our current policy, we provide assistance to all ferry services through measures mentioned earlier, such as taking over the pier maintenance responsibility and waiving the fuel duty. Given that ferry is the only mode of transport for some outlying islands, we have provided some further helping measures to the six major outlying island ferry routes. I must thank the Legislative Council for approving the required funding. Nevertheless, if Members are suggesting changing the entire policy or providing further help when there are transport alternatives available, I think we must consider this suggestion carefully.

We always take into account the actual circumstances when devising new measures. That is why we have adjusted our policy and deliberately provided further helping measures to some major outlying ferry services.

MS MIRIAM LAU (in Cantonese): *President, the reason why operators refused to submit tender is simple. As stated in the main reply, it is not financially viable to operate the two ferry routes. Although the Secretary said that the Government had taken the initiative to propose some possible initiatives, obviously, the operators are not attracted because they still cannot figure out a way to make the operation financially viable.*

I think the Secretary will agree that no operators would have tendered for the six outlying island routes if the Government had not provided any subsidies or allowance. At present, there is no railway service in Hung Hom. Even if the construction of railway is planned for the district, the local residents still have to wait for years before they can enjoy the railway service. Road transport has then become their only option after the cessation of ferry services. As mentioned in the main reply, the frequency of some bus and minibus routes has been greatly increased to meet the transportation needs of passengers. The traffic in Hung Hom is thus congested. This is also against the principle of environmental protection.

I would like to ask the Secretary if you will consider conducting another tender exercise and providing the successful tenderer with some direct subsidies. In case the Government refuses to provide any subsidies, will you negotiate with the operators to see if there are other ways to increase their non-fare box revenue so as to make up for their operating loss? The operators may possibly consider the operation financially viable if the Government is willing to do so. If the Government refuses to consider this request, which is actually a very humble request, does it mean that the Government does not care about the significant increase in road traffic and the congestion so caused? Does it mean that the Government regards it unnecessary to consider the transportation needs of Hung Hom residents?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):
President, there is no doubt that we care about the traffic conditions of all districts, including Hung Hom. The construction of the Kwun Tong Line Extension has already started. The Shatin to Central Link will also cover Hung Hom and To Kwa Wan. We are indeed working on the long-term planning. Some of the works have also commenced.

We understand that residents in Hung Hom want to have more choices in transportation. However, as I have said earlier, the crux of the matter lies in the extremely low patronage. As explained before, the average patronage on each sailing was only around 20. Even for peak hours, there were only 20 to 100 passengers on each sailing. I think this is the crux of the problem.

Regarding the provision of subsidies, we had already tried our best to help under the current policy. For example, by allowing operator of the ferry route to sublet a larger pier area, desirable results were attained, with almost a quarter of the revenue coming from the non-fare box revenue. However, the fare box revenue was still unsatisfactory due to extremely low patronage; and coupled with rising costs, in particular fuel cost and wages, the operator, after taking all factors into consideration, found that the operation was not financially viable and finally decided to quit. We had tried to provide whatever help we could under the current policy. The operator had also put in great efforts to operate its subletting business. Unfortunately, the operator still did not find it viable and had to cease the two ferry services.

As I have said earlier, if any other operators wish to introduce other elements to the ferry services, we are willing to give them as much flexibility as possible to facilitate their operation when we draft the licensing conditions. At present, the Commissioner for Transport may grant a licence directly. Such arrangement fits well with the current situation. While different operators may have different requests, they will be allowed to operate the routes as long as they can meet all the safety requirements and convince us that their proposed frequency and overall operation are sustainable.

PROF PATRICK LAU (in Cantonese): *I would like to ask my question from another angle instead of the transport perspective. As we all know, the Government has formulated a sound policy on the planning of harbourfront, and a number of works will soon be carried out on both sides of the Victoria Harbour.*

I would like to ask the Administration if it has comprehensively and thoroughly reviewed the role played by ferry services in harbourfront development. Will it consider doing so? If not, should it examine the relationship between the overall development of harbourfront and ferry services?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, ferry is an important means of transport which gives members of the public an additional choice. The Star Ferry, which has a long history, is commended by many people. Yet, it is indeed making some adjustments in its

operation. We note that a large number of passengers have turned to other modes of transport, especially after the relocation of the pier.

Of course, a ferry crossing may only constitute part of our daily journey. After we reach the other side of the harbour, we may still have to take another means of transport. We observe that the Star Ferry is making some changes for its business. Apart from providing ferry services to commuters, it has added some tourism elements to its services. Hence, many tourists are attracted to take the ferry. We will give our support to the Star Ferry.

Regarding the Star Ferry Pier in Tsim Sha Tsui, we are discussing with the company to see if we can further optimize the use of the Pier. For instance, we are considering whether additional space can be provided, as well as ways to generate additional non-fare box revenue and increase the traffic at the Pier.

In view of this, on both the harbourfront and the roof of the Star Ferry Pier I must clarify that we are not going to demolish the Star Ferry Pier. We will not do that for sure. What we are doing now is to study how we can improve the condition of the existing place, including the bus terminal. We are considering measures like improving the air quality and beautifying the Pier to increase the traffic. In fact, we have an overall planning for this.

Nevertheless, for services like Hung Hom ferry which mainly serve to carry commuters to school and work during peak hours, as pointed out in my main reply, given that our extensive transport network provides passengers with many different choices in transportation, a lot of people will use other means of transport instead of ferry services. Hence even if we now provide ferry services with all the possible helping measures, their operation will not be able to sustain for long if they cannot compete with other means of transport and the patronage is low.

PRESIDENT (in Cantonese): This Council has spent more than 23 minutes and 30 seconds on this question. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS**Supply of Ultra Low Sulphur Diesel**

7. **DR DAVID LI:** *President, given that since April 2002, ultra low sulphur diesel (ULSD) has been the statutory minimum requirement for motor vehicle diesel, and as Japan used to be the second-largest exporter of ULSD in Asia, will the Government inform this Council whether the earthquake in Japan in March this year has affected the supply and pricing of ULSD in Hong Kong; and if so, what measures the Government has taken and will take to ensure stable supply of ULSD at the lowest possible price?*

SECRETARY FOR THE ENVIRONMENT: President, the Government attaches much importance to improving the air quality in Hong Kong. Among other improvement measures already put in place, it is government policy to improve roadside air quality by tightening the statutory standards for motor vehicle fuel with reference to international developments and when compliant fuel can be made available to Hong Kong. On motor vehicle diesel, ULSD, or Euro IV diesel, was set as the minimum requirement in April 2002. Since 1 July 2010, we have further tightened the statutory standard for diesel to Euro V, being currently the most stringent standard in the world. As compared to Euro IV, Euro V diesel contains 80% less sulphur, and can reduce the sulphur dioxide emissions of existing diesel vehicles by 80% and the particulate emissions by 5%. Moreover, mandating Euro V diesel as the minimum standard helps pave the way for introduction of Euro V vehicles, which require the support of Euro V fuel to maximize their environmental benefits — up to 40% reduction in nitrogen oxides and up to 80% reduction in particulate emissions as compared with their Euro IV counterparts.

The Government has been monitoring the reserves of gas oil, including motor vehicle diesel, in Hong Kong to ensure adequate supply for meeting local needs. The retail prices of motor vehicle fuel are determined by oil companies having regard to commercial practices and their operating costs. We have not observed any unusual fluctuations in gas oil supply as a result of the earthquake in Japan in March 2011.

Flying of National Flag and Regional Flag

8. **MR LAU WONG-FAT** (in Chinese): *President, will the Government inform this Council:*

- (a) *of the total number of locations which have flagstaffs for raising and lowering the national flag and regional flag, among those places managed by various bureaux, including the Home Affairs Bureau, and government departments as well as the agencies within their purview;*
- (b) *whether the Government has provided training on the raising and lowering of the national flag and regional flag to the officers-in-charge and staff of the agencies within its purview which are required to fly the national flag and regional flag;*
- (c) *whether it knows if the personnel in part (b) will be liable to administrative sanctions or other punishments for incorrectly flying the national or regional flag; and*
- (d) *whether it knows if any incident of the national or regional flag being incorrectly flown has occurred at the locations in part (a) since 1997; if such incidents did occur, the total number of such incidents, and how those incidents were handled by the Government afterwards?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): *President,*

- (a) Among those places managed by government bureaux, departments and agencies under their purview, there are 486 locations where flagstaffs are installed for the raising and lowering of the national flag and the regional flag.
- (b) Officers-in-charge and staff responsible for performing flag raising and lowering duties have all been trained by the relevant government bureaux, departments and agencies under their purview in accordance with the guidelines issued by the Government.
- (c) Staff who have incorrectly flown the national flag or the regional

flag will be given serious advice or warning in accordance with the nature and seriousness of the incident concerned.

- (d) Since 1997, there were 22 incidents where the national flag or the regional flag were flown incorrectly at the locations under part (a) above. Mistakes were rectified as soon as they came to the notice of the bureaux/departments/agencies concerned and the responsible officers were given serious advice or warning. The bureaux/departments/agencies concerned have also stepped up training, inspection and supervision to prevent recurrence of similar incidents.

Water Supplies in Hong Kong

9. **MR CHEUNG HOK-MING** (in Chinese): *President, it has been reported that the price of Dongjiang water in each of the years from 2012 to 2014 will increase by about 5.8%. The Government proposed to spend a sum of \$11.24 billion in the next three years on an annual purchase of 820 million cu m of Dongjiang water from Guangdong under "the package deal lump sum approach", regardless of the actual volume consumed by Hong Kong people. Moreover, the Government is planning to develop water resources by conducting a study and field surveys on the construction of a medium-sized water desalination plant, and a site in Tseung Kwan O has been reserved for this purpose. There have also been reports that the average daily water consumption per person in Hong Kong is 220 litres, which far exceeds the daily per capita consumption of about 170 litres in the world. In this connection, will the Government inform this Council:*

- (a) *of the respective volumes of fresh water for flushing and fresh water wasted due to water main bursts in Hong Kong in each of the past three years;*
- (b) *of the policies in place to ensure the effective use of water resources, so that the average daily water consumption per person in Hong Kong can be lowered to 170 litres;*
- (c) *given that I have learnt that in quite a number of neighbouring cities,*

"full-flush" and "half-flush" water level cisterns are required to be used in toilets and the cistern capacity is also restricted, whether the Government will examine and adopt such measures to achieve water conservation; and

- (d) *given that it has been reported that while the cost of desalinated water in Hong Kong is HK\$12 per cu m, the desalination cost in Singapore is much lower, standing at US\$0.5 per cu m only (that is, HK\$3.9 at the rate of US\$1 to HK\$7.8), whether the Government will consider introducing desalination technology from and learning from the experiences of those countries with advanced desalination facilities, so as to expedite the progress of technical studies and lower the cost in Hong Kong?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, in order to ensure a reliable and flexible supply of Dongjiang water to meet the actual need of Hong Kong, we continue to adopt the "package deal lump sum approach" in the new water supply agreement between Guangdong and Hong Kong. This approach can guarantee a reliable supply of quality potable water to Hong Kong and avoid wastage of precious water resources. The Government always treasures water resources. The Total Water Management Strategy promulgated in 2008 has mapped out the strategy for balanced supply and demand of water to support sustainable development in Hong Kong. The Strategy puts emphasis on containing growth of water demand through promoting water conservation and exploring alternative sources of water supply to meet the need of Hong Kong.

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

- (a) The table below shows the annual volume of fresh water used for toilet flushing in Hong Kong in 2008, 2009 and 2010:

<i>Year</i>	<i>Annual volume of fresh water used for toilet flushing (million cu m)</i>
2008	81
2009	80
2010	80

The table below shows the estimated volume of fresh water loss due to water main bursts in 2008, 2009 and 2010:

<i>Year</i>	<i>Volume of fresh water loss due to water main bursts* (cu m)</i>
2008	191 000
2009	94 000
2010	96 000

Note:

* The volume of fresh water loss due to water main bursts is affected by different factors, including the supply pressure, location, site conditions and extent of damage of the burst water main, and so on.

- (b) The current daily per capita domestic water consumption in Hong Kong is about 220 litres, comprising 130 litres of fresh water and 90 litres of toilet flushing water (about 80% of which is seawater), which is higher than the world average daily per capita consumption of 170 litres. We consider that there is room for reducing water consumption. The reduction in daily per capita domestic consumption can be achieved through public education and promotion on the use of water saving devices.

(i) *Public education*

Apart from stepping up public promotion and education on water conservation, we focus on water conservation education for our younger generation. We have launched a water conservation campaign entitled "Water Conservation Starts from Home" and school water audits for primary school students since 2009. Relevant reference materials have already been distributed to all the primary schools. To date, we have held seminars at 200 primary schools to disseminate water conservation messages and reached out to about 63 000 primary students. We are also developing a teaching kit on water supplies aiming at providing supplementary reference materials for secondary school teachers and students on the liberal studies curriculum. In 2010, we launched a water

conservation design competition calling for creative designs on water conservation from students of tertiary education institutes and practical water saving practices from property management sector and catering services industry. Moreover, we plan to set up a dedicated team in the Water Supplies Department (WSD) to take charge of all matters related to water conservation and to establish a water conservation education centre for the public.

(ii) *Water saving devices*

We are developing a voluntary "Water Efficiency Labelling Scheme" (WELS) to promote the use of water saving devices and inform consumers of the level of water consumption and efficiency of various plumbing fixtures and water-consuming appliances. The WELS has been implemented in phases for different categories of fixtures and appliances. At present, 163 models of bathing showers, 56 models of water taps and 14 models of washing machines have been registered under the WELS. The WELS for urinals will be launched in early 2012.

In the meantime, we are engaging the public in a comprehensive survey to collect information on water consumption pattern and habit of domestic accounts. The information collected will help us devise more comprehensive and customer-oriented water management measures for households to promote sustainable use of water resources. The study will also gauge opinion of the public on the water conservation promotion and education activities of the WSD to help improve our delivery of water conservation messages. The survey for domestic accounts has commenced and is scheduled for completion by early 2012.

- (c) We have taken the lead to install water saving devices in new government works projects and new government buildings since 2009. We have also launched a programme for retrofitting existing government buildings and schools with water saving devices including low flow taps, low flow showers, sensor type urinals and

dual-flush cisterns. To date, about 32 000 water saving devices have been installed in 460 government buildings and schools. We will consider including dual-flush cisterns into the WELS and investigate imposing restriction on cistern capacity for water conservation.

- (d) The unit production cost of desalination depends on many factors and is unique to each region and country. The major factors include energy, seawater quality as well as production output and energy recovery capability of desalination plants. For instance, the unit production costs of some desalination plants in Australia and the United States range from around HK\$9 to HK\$22. However, we are unable to ascertain the scope covered by the said production costs. We will require the consultants for the proposed detailed study and field surveys to draw reference to relevant overseas experience, especially countries with advanced desalination facilities. This will help expedite our study on desalination technology and lower the production cost of desalination in Hong Kong.

Animal Watch Scheme of Hong Kong Police Force

10. **MR CHAN HAK-KAN** (in Chinese): *President, the Hong Kong Police Force (HKPF) have recently introduced an "Animal Watch Scheme" (the Scheme) with a view to stepping up work on intelligence gathering, investigation, education and publicity in respect of cases of cruelty to animals. In this connection, will the Government inform this Council:*

- (a) *of the manpower and command structure for the implementation of the Scheme; whether representatives of other government departments are included; the differences in nature between the Scheme and the existing Animal Welfare Task Group established by the Agriculture, Fisheries and Conservation Department (AFCD), in collaboration with the HKPF, the Food and Environmental Hygiene Department (FEHD) and the Society for the Prevention of Cruelty to Animals (Hong Kong) (HKSPCA), and of the division of work between the two;*

- (b) *how front-line police officers are briefed about the principles of the Scheme and procedures for its implementation; whether it will be made a mandatory requirement for these officers to attend relevant seminars or receive training; if so, of the details; if not, the reasons for that;*
- (c) *in respect of the enhancement of intelligence gathering, apart from maintaining contact with the HKSPCA, which animal welfare concern groups the HKPF will collaborate with under the Scheme to put in place a notification mechanism for cases of cruelty to animals; and of the operation mode of the notification mechanism;*
- (d) *given that quite a number of animals which are treated cruelly will be sent to veterinary clinics for treatment, how, under the Scheme, information of such cases is gathered from veterinarians, and how veterinarians are encouraged to co-operate with the HKPF;*
- (e) *based on the many cases of cruelty to animals which occurred in the past few years, whether the HKPF have indentified the black spots of such offences; if so, how they will step up the preventive work at those black spots; and*
- (f) *given that animal welfare concern groups have all along been advocating the formation of an "Animal Police" dedicated to investigating cases involving cruelty to animals, whether the HKPF have introduced the Scheme as an alternative to the formation of an "Animal Police"; of the authorities' latest attitude and stance towards the formation of an "Animal Police"?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Government cares about animal rights. Over the years, a multi-pronged strategy comprising education, publicity and law enforcement has been adopted to raise public awareness of the subject. The Prevention of Cruelty to Animals Ordinance (Cap. 169) (the Ordinance) sets out clearly the penalty for crimes of cruelty to animals. With the support of the Legislative Council, the Administration increased the maximum penalty significantly in 2006 from a fine of \$5,000 and six months' imprisonment to a fine of \$200,000 and three years' imprisonment, so as to enhance the deterrent effect.

To further enhance co-operation in handling animal cruelty cases among the departments and organizations concerned, the AFCD, in conjunction with the HKPF, the FEHD and the HKSPCA, set up a special working group earlier this year to review the work on handling such cases. The working group focuses on enhancing mutual support, developing guidelines for higher efficiency, and establishing a mechanism for relevant departments and organizations to provide professional advice, with a view to ensuring an all-round investigation of animal cruelty cases. The working group will also study the level of penalty imposed by the Court for convicted cases. If the penalty is considered to be too lenient, it will make recommendation to the Department of Justice as necessary.

The Scheme recently introduced by the HKPF will step up co-operation among stakeholders for a joint effort to combat crimes of cruelty to animals. Under the Scheme, the departments and organizations concerned will undertake their duties in a coherent manner. The HKPF is responsible for the investigation of animal cruelty cases, and will exchange information with the AFCD and the HKSPCA regularly. The AFCD, with its special teams for animal management and welfare, will co-operate with other departments and organizations on education, intelligence gathering, publicity and investigation, as well as providing expert advice on animal cruelty cases. If necessary, the AFCD will also carry out postmortem investigation to find out the cause of death of the animals concerned. The HKSPCA provides medical service to animals hurt in the incidents and supports a 24-hour hotline to gather information about animal cruelty cases to assist the law enforcement agents.

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

- (a) The Scheme introduced by the HKPF aims to strengthen the HKPF's efforts in the investigation of animal cruelty cases. Through enhanced co-operation with different organizations and wider public involvement, more effective prevention and detection of animal cruelty cases can be carried out. For instance, upon receipt of reports of cruelty to animals, front-line police officers will immediately seek professional assistance and advice from the AFCD and the HKSPCA, so that investigation can be conducted in a more effective manner. The Scheme and the AFCD's inter-departmental special working group complement each other. With regard to manpower and command structure, the Scheme is co-ordinated by

the Support Wing, the Crime Wing and the Police College of the HKPF and is implemented by front-line officers.

- (b) In mid-October this year, the HKPF introduced and provided details of the Scheme through the television programme "Police Magazine" and the HKPF's internal communication channels (including Offbeat, electronic Notice Board and internal documents). The HKPF have arranged detection training courses and relevant seminars for front-line police officers and also conducted sharing sessions for crime investigation officers and staff of the AFCD and the HKSPCA on the professional knowledge of handling animal cruelty cases. Since the introduction of the Scheme, relevant courses and seminars have been well attended by front-line and supervisory officers.

- (c) and (d)

The Scheme is supported by two professional veterinary associations (that is, the Hong Kong Veterinary Association and China (Hong Kong) Veterinary Association), which will publicize the Government's messages on combating cruelty to animals to their members (who are practising veterinarians). Their members will be encouraged to report suspicious persons or suspected animal cruelty cases with a view to strengthening the intelligence networks. At the same time, the HKPF and the AFCD welcome members of the public and animal concern groups to participate in combating cruelty to animals. If the public are aware of any animal cruelty cases, they can call the HKPF or report to the AFCD via the 1823 Call Centre. Upon receipt of the reports, the relevant department will take appropriate immediate action and follow up investigation.

- (e) The HKPF has not identified any particular modus operandi or black spots of animal cruelty cases, and most of the incidents take place in secluded locations or in the middle of the night. Apart from stepping up enforcement, the most effective way to curb such animal cruelty cases is to enhance public awareness of respect for life and care for animals. We will continue to strengthen publicity work in this area.

- (f) At present, officers from various government departments, including senior veterinary officers, health officers, health inspectors, police officers and authorized officers from the AFCD, may enforce the Ordinance as appropriate. The AFCD has its special teams for animal management and welfare. The Crime Investigation Teams of various police districts have adequate manpower, experience and professional investigation skills to handle animal cruelty cases. Subject to the distribution and the trend of the cases, the HKPF will consider deploying dedicated teams to investigate the cases in a more comprehensive and focused way in order to ensure early crime detection. The existing multi-agency approach is further strengthened under the Scheme, contributing to more effective prevention and detection of such crimes. With greater flexibility in the deployment of resources, such arrangements are more effective in combating animal cruelty cases than setting up an "Animal Police" team.

Management of Shopping Arcades and Markets Under The Link Management Limited

11. **MR WONG KWOK-HING** (in Chinese): *President, it has been reported that The Link Management Limited (The Link Management) had recently requested shop tenants of the fresh markets under its management to install Octopus processors on the grounds of improving the operation environment and increasing consumer flow; the reports pointed out that the shop tenants had to hire the device from the Octopus Holdings Limited (OHL) and pay commissions to OHL based on the transaction value, and some tenants in Tai Yuen Market of Tai Po worried that rejecting to install Octopus processors might have impact on the renewal of their tenancy agreements, and thus were forced to accede to the installation. In this connection, will the Government inform this Council:*

- (a) *whether the Government knows at present, apart from Tai Yuen Market, in which of its shopping arcades and fresh markets had The Link Management requested the shop tenants to install Octopus processors, and whether it had consulted and obtained the consent of such shop tenants beforehand; whether the Government has assessed if, by requesting the shop tenants to install the device, The Link*

Management is involved in a breach of contract in that it has unilaterally changed the tenancy terms;

- (b) whether it knows the respective amounts of monthly charges and commissions payable to OHL by the shop tenants for hiring the Octopus processors; given that the aforesaid measure implemented by The Link Management will enable OHL to gain direct benefits from the use of its services by the shop tenants, whether the authorities have assessed if a transfer of benefits between The Link Management and OHL is involved;*
- (c) whether it knows, since The Link Management took over the shopping arcades and fresh markets of the Hong Kong Housing Authority (HA) in 2005, the respective numbers of individual small shop operators who had moved out from the premises in these shopping malls and fresh markets on their own accord or whose tenancies had been terminated, as well as the number of chain stores moving in to occupy such shop premises each year; and*
- (d) whether the authorities will consider increasing the number of public markets managed by the Food and Environmental Hygiene Department, so as to offer more alternatives for the operation of small businesses as well as more shopping variety to members of the public, and safeguard the small shop operators from facing more operational difficulties as a result of the monopolization of shop premises?*

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

The first three parts of the question involve the private properties of The Link REIT managed by The Link Management. As mentioned above, The Link REIT is a private organization, and it is entirely independent of the Government and the HA. The day-to-day operation and management of the properties of The Link REIT is taken up by The Link Management. The Government and the HA do not keep any of the information requested in the question. However, we have sought information from The Link Management in this respect. Having consolidated the information provided by The Link Management and the Food and Health Bureau, my responses to the four parts of the question are as follows.

- (a) According to The Link Management, with an objective to increase the competitiveness of their tenants in their markets and to help them to adapt to the trend of electronic payment, The Link Management is conducting a first trial programme in its Tai Yuen Market in Tai Po to assist the tenants to install the Octopus payment facilities. The Link Management hopes to improve the shopping experience of customers in markets by providing them with another payment mode and choice other than cash, thus minimizing the need to handle change and making the payment process cleaner and faster. The relevant trial programme has not been implemented in other shopping centres and markets. The Link Management emphasizes that it has consulted tenants concerned before the trial programme of Tai Yuen Market started. Tenants can make their own decision whether or not to participate in the programme. The relevant trial programme does not involve the tenancy arrangement between The Link Management and tenants in Tai Yuen Market.

Under the trial programme, The Link Management is currently co-operating with Octopus Cards Limited on the installation of the necessary hardware and software to allow for Octopus payment facilities by interested tenants in Tai Yuen Market. Training will be given to tenants to assist them to adapt to the use of electronic payment. The Link Management said that most participating tenants were satisfied with the effectiveness of the Octopus payment facilities installed.

- (b) According to The Link Management, interested market tenants will have to pay the monthly reader rental fee and relevant administration

fee to Octopus Cards Limited for using the Octopus payment facilities. Octopus Cards Limited has offered to waive the first three to six months of the reader rental fee for tenants in Tai Yuen Market. For the monthly reader rental fee and relevant administration fee to be borne by tenants, the Octopus Cards Limited would not disclose the arrangement details as these form part of the commercial agreement between Octopus Cards Limited and the tenants concerned.

According to The Link Management, other than the trial programme launched in Tai Yuen Market, it has not requested any tenants at its other shopping centres or markets to make use of Octopus payment facilities. Under the trial programme, The Link Management assists interested tenants in installing Octopus payment facilities and has not received any fee from the Octopus Cards Limited.

- (c) According to The Link Management, the number as well as the total rental internal floor area (IFA) of shops under 1 000 sq ft (excluding the top 50 tenants paying the highest monthly rent) in its portfolio have in fact increased in the past six years. The number of shops increased from 2 911 (total IFA of 1 427 000 sq ft) in March 2006 to 3 305 (total IFA of 1 605 000 sq ft) in March 2011. The Link Management also said that as there is no clear definition on "chain store", no related figures can be given for reference.
- (d) According to the Food and Health Bureau, public markets are built by the Government with the primary objective of resiting on-street hawkers so as to improve environmental hygiene and provide places for daily shopping (in particular for fresh provisions) by neighbouring residents. Today, the number of licensed hawkers has substantially decreased whereas supermarkets, fresh provision shops and various kinds of restaurants are available in every corner of the territory. The public's shopping and dietary habits have also changed.

Given the high cost of building a new public market, the Government must take full account of the cost-effectiveness of relevant facilities before considering the construction of such

facilities so as to ensure the optimal use of public money. According to the Hong Kong Planning Standards and Guidelines, the planning for new markets should be considered on a case-by-case basis, taking into account not only the population of the area, but also a host of other relevant factors (such as demographic mix, community needs, provision of both public and private market facilities nearby, and the number of fresh provision shops in the vicinity, and so on). In the past, the Audit Commission has criticized the Government more than once for the high vacancy rate of market stalls.

According to the Food and Health Bureau, the Food and Environmental Hygiene Department currently has no plan to construct a new market but will study carefully the views and recommendations of all stakeholders.

Productivity Assessments for Persons with Disabilities

12. **DR PAN PEY-CHYOU** (in Chinese): *President, regarding the implementation of the productivity assessment (assessment) mechanism for persons with disabilities under the statutory minimum wage (SMW) regime, will the Government inform this Council:*

- (a) *of the number of employees with disabilities who have completed the assessment since the implementation of the SMW regime on 1 May 2011, and the percentage of such employees in the total number of employees with disabilities, with a breakdown by month;*
- (b) *of the distribution of employees with disabilities who have completed the assessment among sectors; the results of their assessment; and the changes in their wage levels before and after implementation of the SMW regime;*
- (c) *whether any employer or employee with disabilities has requested for re-assessment due to unsatisfactory assessment results; if so, of the details;*

- (d) *whether any employee with disabilities has been assessed for more than once; if so, of the reasons for that;*
- (e) *whether the authorities have investigated and examined the reasons why some employees with disabilities refuse to participate in the assessment; if they have, of the details; if not, whether they have plans to conduct such an investigation; of the means and incentives through which the authorities encourage more employees with disabilities to participate in the assessment; and*
- (f) *as I have learnt that quite a number of employees with disabilities are uninterested in participating in the assessment, whether the authorities have considered reviewing the situation as soon as possible; if they have, of the timetable and details; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to each part of the question raised by Dr PAN Pey-chyou is set out below:

- (a) Since the implementation of SMW on 1 May and up to 31 October 2011, a total of 142 employees with disabilities have undergone assessment under the Minimum Wage Ordinance (MWO), with monthly breakdown as follows:

<i>Month</i>	<i>Number of employees with disabilities who have undergone assessment</i>
May 2011	10
June 2011	36
July 2011	33
August 2011	26
September 2011	13
October 2011	24
Total:	142

According to the Special Topics Report No. 48: Persons with Disabilities and Chronic Diseases published by the Census and

Statistics Department in December 2008, there were about 41 000 employed persons aged 15 and over with disabilities in 2007. However, since intellectual disability is a very sensitive topic to some respondents, they are unwilling to provide information pertaining to household members with intellectual disability and hence the number of persons with intellectual disability is subject to a certain degree of under-estimation. Therefore, the above-quoted survey data on employed persons with disabilities does not include persons with intellectual disability. On the other hand, among the employees with disabilities who have undergone assessment, over half of them are persons with intellectual disability. In view of the above, we consider it not appropriate to make a direct comparison between the number of employees with disabilities who have undergone assessment and the survey data on employed persons with disabilities quoted above as this could be misleading.

- (b) The distribution of employees with disabilities who have undergone assessment by industry is as follows:

<i>Industry</i>	<i>Number of employees with disabilities who have undergone assessment</i>
Manufacturing	16
Wholesale, retail and import/export trades, restaurants and hotels	56
Transport, storage and communications	1
Financing, insurance, real estate and business services	21
Community, social and personal services	44
Others	4
Total:	142

Among the 142 employees with disabilities who have undergone assessment, about 80% were assessed to have productivity of between 100% and 60%. The wage levels of employees with

disabilities after the assessment were in general higher than those before the implementation of the MWO.

- (c) The Labour Department has not received any request for reassessment from employers or employees with disabilities because of dissatisfaction over assessment results. According to section 6(6) of Schedule 2 to the MWO, a person with disabilities in respect of whom an assessment of his or her degree of productivity has been completed cannot have any further assessment made for the same work with the same employer.
- (d) No employee with disabilities has been assessed more than once since the implementation of the MWO.

(e) and (f)

SMW applies to employees with disabilities and able-bodied employees alike. For persons with disabilities who do not elect to undergo assessment, their employers must pay them at not lower than the SMW rate (that is, \$28 per hour) in accordance with the MWO.

As gathered from relevant organizations, recently employed employees with disabilities were mostly remunerated at or above the SMW rate and therefore needed not undergo assessment. For those serving employees with disabilities who have opted before the implementation of SMW for the transitional arrangement in accordance with the MWO to retain their contractual wage below the SMW level, they may choose to invoke the assessment at any time having regard to individual circumstances and needs.

The provision of an optional assessment mechanism under the MWO for persons with disabilities seeks to address public concern over the possible employment difficulties of persons with disabilities upon implementation of SMW. The relatively small number of persons with disabilities choosing to undergo assessments reflects that the need for persons with disabilities to undergo assessment because of employment difficulties is not prevalent at present.

The special arrangement for persons with disabilities provided under the SMW regime is the fruit of prolonged discussions between the Administration and stakeholders (including persons with disabilities, parent groups, rehabilitation organizations, employers of persons with disabilities, and so on). The Labour Department will review the assessment mechanism of persons with disabilities in the light of operational experience within two years after the implementation of SMW.

Road Maintenance

13. **MR KAM NAI-WAI** (in Chinese): *President, regarding road maintenance, will the Government inform this Council:*

- (a) *of the number of complaints or reports received about roads in need of maintenance in each of the past five years, together with a breakdown by the channel through which the complaint or report was made and the 18 District Council districts; of the time normally needed for the relevant government departments to handle the complaints or reports and repair the roads concerned upon receipt of such complaints or reports;*
- (b) *of the respective details of the manpower, budget, actual expenditure, random checks and monitoring work involved in road maintenance and handling of the relevant complaints or reports in each of the past five years; and*
- (c) *whether any mechanism is in place at present to check and monitor road conditions; if so, of the details of the manpower, budget, actual expenditure, random checks and monitoring work involved in each of the past five years; if not, the reasons for that, and how it ensures that roads are in good conditions?*

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

- (a) According to the record of the Highways Department (HyD), there were 5 551, 5 153, 6 446, 5 678 and 5 750 complaints or reports received about roads in need of maintenance between 2006 and 2010, and the breakdown by the 18 District Council districts and the channels through which the complaints or reports were made are listed in Table 1 and Table 2 respectively.

According to the performance pledge set by the HyD, the Department will reply to public complaints or enquires within seven working days upon receipt. For complicated cases involving other departments, initial replies will be provided within seven working days, while detailed replies will be provided after obtaining information from the relevant departments.

If a case concerns road safety (such as obstacles on expressways or pot holes on carriageways, cycling tracks and footpaths), the HyD undertakes to clear the obstacles on expressways within eight hours upon receipt of the reports concerned, and complete the repair works of pot holes on carriageways, cycling tracks and footpaths within 48 hours to ensure the safety of road users.

- (b) and (c)

At present, the HyD adopts road management and repair works contract approach to engage qualified contractors for carrying out the routine road inspection, repair and maintenance works, so that the roads can be ensured to be kept in good conditions. The contract requires contractors to deploy staff to carry out regular safety inspections for the roads. Expressways carrying high-speed traffic and high traffic throughput are inspected daily; while trunk roads and other primary distributor roads in urban areas are inspected weekly. This kind of safety inspection aims to identify, as early as possible, defects that are likely to pose dangers or cause inconvenience to the public, and arrange for repair works and follow-up actions.

In addition, contractors also conduct detailed inspections for all types of road once every six months. This kind of detailed inspection aims to determine the detailed surface and structural

conditions of footpaths and collect relevant data for planning mid- and long-term repair works so that maintenance could be done in an organized manner for preventive purpose.

To ensure that the contractors' performance and quality of inspection, repair and maintenance satisfy the requirements, the HyD will conduct audits, on a sampling basis, on the road sections which have been inspected by the contractors. Apart from auditing the roads inspected by contractors on a sampling basis, the HyD also carry out surprise inspections of contractors by conducting independent inspections in each district without advance notice. Any defects found on the road facilities or defect reports received from the public will be brought to the attention of the contractors immediately so that they can take follow-up actions and arrange for repair works. The HyD will monitor the progress of repair works to ensure that damaged facilities will be rectified as early as possible.

The manpower, budget and actual expenditure involved in road repair works and handling of complaints or reports concerned by the HyD in each of the past five years are listed in Table 3.

Table 1

Number of Complaints or Reports by Districts

<i>District</i> \ <i>Year</i>	2006	2007	2008	2009	2010
Central and Western	643	604	562	565	680
Wan Chai	427	355	416	400	528
Eastern	318	298	418	424	445
Southern	154	162	240	236	274
Kowloon City	333	136	271	124	110
Wong Tai Sin	59	56	198	76	51
Yau Tsim Mong	622	667	756	881	798
Sham Shui Po	299	272	387	256	326
Kwun Tong	324	392	513	564	303
Island	90	18	95	44	21

<i>District \ Year</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Kwai Tsing	332	227	464	219	264
Tsuen Wan	316	221	330	303	277
Tuen Mun	334	316	364	619	531
Yuen Long	438	457	455	178	92
North	217	361	310	313	512
Tai Po	196	174	218	307	359
Sha Tin	273	251	233	130	79
Sai Kung	176	186	216	39	100
Total	5 551	5 153	6 446	5 678	5 750

Table 2

Number of Complaints or Reports by Channels Through which
Complaints or Reports were Made

	<i>Telephone</i>	<i>Electronic Mail</i>	<i>Facsimile</i>	<i>Mail</i>	<i>Online Complaint Form</i>
2006	5 125	219	57	126	24
2007	4 567	226	64	129	167
2008	5 625	331	47	171	272
2009	5 081	268	49	94	186
2010	5 160	310	32	90	158

Table 3

Budget, Actual Expenditure and Staff Involved in
Road Repair Works and Handling of Complaints or Reports

Table (i) — Costs of Engaging Contractors

<i>Year</i>	<i>Budget (\$ million)</i>	<i>Actual Expenditure (\$ million)</i>	<i>Number of Staff Deployed by Contractors</i>
2006	1,277	1,235	1 454
2007	1,295	1,328	1 518
2008	1,367	1,425	1 629

<i>Year</i>	<i>Budget (\$ million)</i>	<i>Actual Expenditure (\$ million)</i>	<i>Number of Staff Deployed by Contractors</i>
2009	1,426	1,452	1 814
2010	1,452	1,388	1 592

Table (ii) — Costs of HyD Staff*

<i>Year</i>	<i>Actual Expenditure (\$ million)</i>	<i>Number of HyD Staff</i>
2006	105	297
2007	108	306
2008	117	314
2009	125	314
2010	123	318

Note:

- * "Number of HyD Staff" in Table (ii) above refers to front-line engineers and technicians responsible for road repair works and handling of relevant complaints or reports. However, other than routine road repairing issues, they also handle technical and administrative issues pertaining to other works. The actual expenditure in Table (ii) refers to the total remuneration expenditure for these HyD staff. The HyD does not have further breakdown solely for the staff budget and expenditure of inspecting and monitoring road repair works.

Provision of Land for Construction of Religious Facilities

14. **MR ALBERT CHAN** (in Chinese): *President, in recent years, quite a number of religious organizations have reflected to me that they wish to identify sites in New Territories West for construction of religious facilities (for example, mosques and churches, and so on) but have encountered huge difficulties during the process, and as a result, these organizations are so far unable to identify sites for the purpose. When I helped these religious organizations to ask the Government the sizes and locations of the sites available for construction of religious facilities in various districts, the authorities refused to provide any further information. According to my understanding, so far there is not even one single mosque in New Territories West. In this connection, will the Government inform this Council:*

- (a) *of the locations and sizes of the sites in various districts at present which have been earmarked for application by religious organizations for construction of religious facilities (list in table form); and*
- (b) *whether the authorities have earmarked any land for ethnic minorities to construct religious facilities (for example, mosques, and so on); if so, of the details; if not, whether the authorities will consider improving the existing policy to enable ethnic minorities to construct religious facilities in various districts (for example, New Territories West)?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, religious organizations may identify sites to construct religious facilities in various districts according to their own needs. The Government will not reserve land in various districts for the construction of religious facilities, and hence does not have the information requested in the question.

The Home Affairs Bureau would render assistance in the process of application by religious organizations to construct religious facilities. For example, in case of a religious organization acquiring land from the private market which requires a modification of land lease in order to construct religious facilities or a religious organization applying directly to the Government for a land grant, the Home Affairs Bureau will consider giving policy support for the land lease modification or land grant application, in order to facilitate the religious organization to construct the religious facilities.

Implementation of a Five-day Work Week

15. **MR FREDERICK FUNG** (in Chinese): *President, regarding the implementation of a five-day work week, will the Government inform this Council:*

- (a) *of the actual work carried out by the Government in the past to motivate employers to implement a five-day work week;*

- (b) *whether any analysis or survey has been conducted to find out the prevalence of a five-day work week in society; if so, of the result;*
- (c) *whether it knows the reasons why employers are unable to implement a five-day work week and the difficulties encountered;*
- (d) *of the estimated numbers and percentages of employees in Hong Kong who are working on a five-day work week pattern at present, broken down by occupation; and*
- (e) *whether the authorities will set a target for implementing a five-day work week outside the Government?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to Mr Frederick FUNG's question is as follows:

- (a) The Labour Department (LD) has all along been encouraging employers to adopt family-friendly employment practices (FFEP). We advise employers to be considerate and accommodating to the needs of employees, taking into account the service nature, size, resources and culture of individual organizations, and implement different types of FFEP with flexibility, such as flexi-hours and five-day work week, so as to assist employees in maintaining a balance between work and family responsibilities.

Being one of the facilitators in promoting FFEP, the LD has since 2006 been publicizing the message of five-day work week to employers, human resources practitioners and the general public through various publicity channels and promotional activities, including the network of nine industry-based Tripartite Committees and 18 Human Resources Managers Clubs (HRMCs) formed in various trades and industries; organizing large-scale seminars, briefings and sharing sessions; staging roving exhibitions at different locations; broadcasting promotional videos; publishing newspaper supplements and feature articles; as well as distributing educational DVDs and promotional materials, and so on.

(b) to (d)

The LD has conducted questionnaire surveys among member establishments of HRMCs in 2006 and 2010. The survey findings revealed a rising trend of organizations adopting five-day work week, with the percentage of organizations adopting the measure increasing from 36.5% to 61.5% between the two surveys. Given the generally larger size of the member organizations surveyed, the findings might not completely reflect the situation of the overall employment market. Nevertheless, they provided a useful source of reference to facilitate the LD in formulating appropriate promotional strategies.

A Special Topic Enquiry on "Patterns of hours of work of employees" conducted by the Census and Statistics Department (C&SD) between January to June 2008 included, among other things, the prevalence of five-day work in respect of employees working in the non-government sector. According to the findings, among the 2 558 800 persons working in the non-government sector who were committed to working a fixed number of days per week for the employer, some 1 695 800 (66.3%) were required to work more than five days but up to six days per week; and 849 100 (33.2%) were required to work for five days or less. The breakdown of the latter group of employees by major occupations is as follows:

<i>Occupation</i>	<i>Number of persons with five contractual days of work or less per week ('000)</i>	<i>Percentage</i>
Managers and administrators, professionals and associate professionals	513.2	60.4
Clerks	170.8	20.1
Service workers and shop sales workers	45.7	5.4
Craft and related workers	36.1	4.3
Plant and machine operators and assemblers	18.2	2.1

<i>Occupation</i>	<i>Number of persons with five contractual days of work or less per week ('000)</i>	<i>Percentage</i>
Elementary occupations	65.1	7.7
Total	849.1	100

The above HRMCs surveys and the Special Topic Enquiry of the C&SD had not collected the reasons and difficulties impeding employers from implementing five-day work week. Nevertheless, from our usual contacts with relevant parties, factors such as the mode of operation, nature of service, operational cost and manpower arrangement of the organizations may affect the employers putting five-day work week into practice.

- (e) The Government has not set a target for the implementation of five-day work week. Nevertheless, the Government itself has implemented the five-day week initiative in phases since July 2006. With the LD's promotion and publicity targeted at employers of different fields in recent years, we observe that the message is gradually filtering through different trades and that there is a rising trend of organizations adopting five-day work week.

Utilization of Shenzhen Bay Control Point, Other Boundary Control Points and SkyPier at Hong Kong International Airport

16. **MR PAUL TSE** (in Chinese): *President, regarding the utilization of the Shenzhen Bay Control Point in Shenzhen Bay Port, other boundary control points and the SkyPier at the Hong Kong International Airport, will the Government inform this Council:*

- (a) *of the number of cross-boundary passengers under the arrangement of co-location of immigration and customs facilities at the Shenzhen Bay Control Point in the past three years and the year-on-year increase; the effectiveness of the system of "co-location" of boundary control facilities since its implementation at that control point;*

- (b) *whether it has compiled statistics on the respective percentages of visitors who are non-Hong Kong permanent residents joining group tours and visitors under the Individual Visit Scheme (IVS) passing through the Shenzhen Bay Control Point in the overall number of visitors using the Shenzhen Bay Control Point in the past three years; of the average waiting time for visitors who are non-Hong Kong permanent residents to go through immigration clearance; whether it has conducted any study on the arrangement of letting different immigration counters handling visitors joining group tours and IVS visitors so as to shorten their waiting time for immigration clearance; if it has, of the plans; if not, whether such a study can be conducted expeditiously;*
- (c) *whether it has recently compiled statistics on the respective average waiting time for Hong Kong permanent residents and visitors who are non-Hong Kong permanent residents to go through immigration clearance at the Shenzhen Bay Control Point;*
- (d) *whether it has reviewed if the ancillary facilities (such as washrooms and air-conditioning) for visitors waiting for immigration clearance at the Shenzhen Bay Control Point are sufficient; if they are not sufficient, whether it has considered implementing improvement measures;*
- (e) *whether it knows the daily number of ferry passengers using the SkyPier at present who are non-Hong Kong permanent residents from the Mainland and the year-on-year increase in the past two years;*
- (f) *whether it has assessed the percentage of visitors whose destinations are the tourist attractions on Lantau Island (Hong Kong Disneyland, Ngong Ping 360 and the AsiaWorld-Expo, and so on) in the number of visitors using the various control points to enter Hong Kong at present; whether it has conducted any study on developing the SkyPier into an immigration control point to provide visitors going to tourist attractions on Lantau Island with a more convenient arrival and departure channel and, at the same time, facilitate ferry passengers from the western region of the Pearl River Delta*

(Jiangmen and Shekou, and so on) to enter and leave Hong Kong; whether it has assessed if such a development can alleviate the crowded conditions at the Shenzhen Bay Control Point and other boundary control points; if it has assessed, of the results; if not, whether such an assessment can be conducted expeditiously; and

- (g) *of the respective utilization of other boundary control points in Hong Kong since January this year (including the number of cross-boundary passengers and the average waiting time for visitors who are non-Hong Kong permanent residents and IVS visitors to go through immigration clearance)?*

SECRETARY FOR SECURITY (in Chinese): President, regarding the utilization of the Shenzhen Bay Control Point, the SkyPier and other control points, my replies to the sub-questions are as follows:

- (a) The number of passengers (including Hong Kong residents) using the Shenzhen Bay Control Point between 2008 and September 2011 and its increments are set out in the table below:

	<i>Number of trips made by passengers (daily average)</i>	<i>Increment (compared with the preceding year)</i>
2008	12.5 million (34 200)	-
2009	16.8 million (46 200)	+35%
2010	21.4 million (58 600)	+27%
2011 (January to September)	18.3 million (67 100)	+17% (compared with the same period of the preceding year)

Under the arrangement of co-location of boundary crossing facilities at the Shenzhen Bay Control Point implemented since July 2007, passengers may go through immigration clearance by both Hong

Kong and Mainland authorities within the same passenger terminal building. The number of passengers using the control point has been increasing since its commissioning. Daily passenger throughputs have reached 67 100 this year, showing that the service is well received by our residents as well as visitors. To cater for the needs of passengers, the upper and ground floors of the passenger terminal building have been fully open to the public to handle south-bound and north-bound passengers respectively since this April, thus providing smooth immigration service to passengers.

- (b) With regard to Mainland visitors using the Shenzhen Bay Control Point, the Immigration Department (ImmD) does not maintain a breakdown of the visitors under the IVS and those joining group tours over the past three years. Nonetheless, on the basis of the figures available in the first nine months of this year, it is estimated that the number of visitors under the IVS and those joining group tours should constitute around 60% and 5% respectively of all visitors to Hong Kong. The time taken by visitors to go through immigration clearance at the Shenzhen Bay Control Point generally meets the ImmD's performance pledge, that is, 95% of visitors can have their clearance completed within 30-minute.

To provide an efficient immigration clearance service, the ImmD arranges for serpentine queuing of visitors such that those arrive first will be cleared first. As such, visitors (including those in tour groups) could be handled by any visitor immigration counters. Such an arrangement has been operated smoothly and efficient deployment of resources is achieved.

- (c) Since its commissioning in July 2007 and up to September 2011, as well as during the recent National Day Golden Week, the ImmD's performance pledge (that is, 98% of Hong Kong residents to have their immigration clearance completed within 15 minutes and 95% of visitors within 30 minutes) has been met at the Shenzhen Bay Control Point.
- (d) We have put in place sufficient supporting facilities at the Shenzhen Bay Control Point, including special channels to facilitate the elderly

and the disabled, information display panels for passengers, as well as washrooms and beverage vending machines. To ensure that the standard room temperature and good ventilation is maintained, thus providing a suitable environment for passengers undergoing clearance, the ImmD continues to monitor the performance of the air-conditioning system and arrange for regular maintenance service. If other needs of passengers arise, such as first aid service, either the staff on duty or officers of the Department of Health will render necessary assistance.

- (e) According to the Airport Authority Hong Kong (AA), the average daily passenger throughput of the SkyPier is around 6 300, about 35% of which are Mainland visitors. Since its commissioning in January 2010, the new SkyPier has registered a year-on-year increase rate in passenger throughput of about 38% and 35% in 2010 and 2011 (January to September) respectively.
- (f) According to the Transport and Housing Bureau, the AA had looked into the feasibility of providing customs, immigration and quarantine (CIQ) facilities at the SkyPier in 2008 and 2009. Upon consideration of relevant factors (including the economic situation, cross-strait direct flights and the impact of the Hong Kong-Zhuhai-Macao Bridge on the estimated service demand), it was concluded that the provision of the CIQ facilities would not significantly enhance the utilization of the SkyPier services by transit passengers and hence the proposal was not further pursued. The Government has not maintained any statistics on the breakdowns of visitors travelling to various tourist attractions on Lantau Island against the overall number of visitors to Hong Kong.

The Hong Kong-Zhuhai-Macao Bridge will commence operation in 2016. CIQ facilities and public transport interchange facilities will be set up at the Hong Kong Boundary Control Point therein. There will also be various roads connecting traffic to and from the Northwest New Territories and North Lantau. Hence the facilities will become a strategic multi-modal transportation hub on the west of Hong Kong, facilitating travels between Hong Kong and the Pearl River Delta. Against this background, the Government and the AA

presently have no plans to change the existing arrangements at the SkyPier.

- (g) The number of passengers (including Hong Kong residents) using various boundary control points from January to September 2011 is set out below:

<i>Boundary control points</i>		<i>Number of cross-boundary trips (daily average)</i>
Land control points	Lo Wu	68.6 million (251 000)
	Lok Ma Chau Spur Line	24.7 million (91 000)
	Hung Hom	2.9 million (10 500)
	Lok Ma Chau	23.7 million (87 000)
	Shenzhen Bay	18.3 million (67 100)
	Sha Tau Kok	2.3 million (8 500)
	Man Kam To ⁽¹⁾	120 000 (400)
Sea control points	Hong Kong Macau Ferry Terminal	13.4 million (49 000)
	China Ferry Terminal	6.3 million (23 000)
Air control point	Hong Kong International Airport	26.3 million (96 300)

Note:

- (1) Owing to reconstruction of the Shenzhen Wenjindu Port, passenger clearance service at Man Kam To Control Point has basically been suspended since February 2010 (with the exception of special cross-boundary coach service), while service for goods vehicles and cross-boundary students remained unaffected.

In 2011, the passenger flow has generally been smooth at various boundary control points; 98.6% of the visitors using the land boundary control points could have their clearance completed within 30 minutes (thus meeting the ImmD's performance pledge, that is, 95% of the visitors can have their clearance completed within 30 minutes), while the figure for sea boundary control points stands at 98.8%. As for the air control point, 98.2% of the visitors could have their clearance completed within 15 minutes (the ImmD pledges to have 95% of the visitors completing their clearance within 15 minutes). The ImmD does not have a breakdown in respect of IVS visitors.

Regulation of Maintenance of Pipes on External Walls of Buildings

17. **DR PRISCILLA LEUNG** (in Chinese): *President, it has been reported that an accident occurred some time ago at Nelson Street of Mong Kok, in which drain cleaner was suspected to have been splashed off the pipes on the external walls of a building, causing injuries to passers-by. In this connection, will the Government inform this Council:*

- (a) *as the "Minor Works Control System" which has been implemented since the end of 2010 regulates a total of 118 items of minor works, including the "erection, repair, alteration, addition and removal" of drains in residential buildings, as well as requires members of the public to employ "prescribed building professionals" or "prescribed registered contractors" to carry out the relevant works and submit to the authorities a certificate of completion of works, record plans and other relevant documents within 14 days of the completion of such works, how many certificates of completion of works and plans the authorities have received so far; whether any quality problem was found in individual works; whether the authorities have formulated monitoring measures to prevent flat owners from privately employing unauthorized persons to carry out the works; if they have, how many cases of non-compliance have been uncovered so far;*
- (b) *as plumbing works in buildings are not included in the "Household Minor Works Validation Scheme", whether the authorities have*

carried out inspections or tests regularly on plumbing works in old buildings completed before the "Minor Works Control System" came into effect to ensure that the pipes are in good condition; if they have, of the progress of such inspection work; if not, the reasons for that;

- (c) for old residential buildings with no owners' corporation (OC), no owners' committee and no management company (which are commonly referred to as the "three NOs"), whether the authorities will consider providing emergency subsidies to their owners for carrying out tests and maintenance on the pipes on the external walls of their buildings, in order to prevent accidents caused by ageing pipes; if not, of the reasons for that; and*
- (d) whether the authorities had received in the past three years any complaint about serious leakage or seepage from pipes on the external walls of buildings; if they had, of the number of such complaints; the general procedure for handling complaints received by the authorities and the number of government departments involved; and what approach the authorities have adopted at present to handle cases in which the flat owners of the buildings concerned are unwilling to repair the leaking pipes for a long time?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, drainage pipes are integral parts of a building and have direct bearing upon building safety and hygiene issues. Pipes without proper and timely maintenance may give rise to seepage or leakage. If the drainage pipe is located on the exterior of a building, it may affect passers-by or even cause health nuisances or safety concerns. As such, to strengthen the regulation of works involving drainage pipes, the Government has designated general drainage works as minor works for regulation under the Minor Works Control System, so as to achieve the purpose of ensuring works quality. Moreover, the Buildings Department (BD) will take enforcement actions under the Buildings Ordinance (Cap. 123) against drainage pipes in defective or insanitary conditions, and require the owners concerned to take appropriate follow-up actions.

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

- (a) By the end of October this year, the BD had handled around 4 800 certificates of completion, relevant record plans and documents concerning minor works. Among them, about 1 433 involved drainage works. To ensure their compliance with the requirements of the Buildings Ordinance, the BD will conduct random audit checks on these minor works after their completion. As at end October this year, the BD had conducted audit checks for 615 minor works, and none has been found to have building safety and hygiene problems due to poor works quality. As regards cases with owners employing non-prescribed building professionals and/or non-prescribed registered contractors to carry out minor works, the BD will investigate and take appropriate follow-up actions on any reported cases. As at end October this year, the BD had uncovered a total of 36 non-compliance cases concerning owners employing unqualified persons to carry out minor works (involving minor works of various kinds). The BD has issued removal orders in those cases and is considering taking prosecution action against the parties involved.
- (b) It is the owners' primary responsibility to inspect, repair and maintain their buildings to ensure that they are in a safe condition. As the regulatory authority, the BD has launched many large-scale operations for inspecting dilapidated buildings. In addition to external walls and common areas, external drainage pipes of buildings are also covered in the inspections. If defects or dilapidation are found in the drainage pipes during the inspections, the BD will order the owners to take appropriate follow-up actions.

The BD's large-scale operations include the Co-ordinated Maintenance of Buildings Scheme⁽¹⁾ (the Scheme) launched in collaboration with other relevant government departments in November 2000. During the 10 years between 2000 and 2009 when the Scheme was implemented, more than 1 300 target buildings were identified for inspection, and assistance was provided

(1) The Scheme was originally known as "屋宇維修統籌計劃" in Chinese. It was renamed to "樓宇維修統籌計劃" in 2005 when the Hong Kong Housing Society participated in the scheme and started providing advisory services to the owners concerned.

to the owners in arranging repair works. To enhance building safety in Hong Kong, the BD launched a new large-scale operation in April this year to inspect the conditions of 500 buildings each year and issue statutory investigation or repair orders where necessary. Preparation for the operation has been completed and the BD has started inspecting the target buildings.

Apart from the above large-scale operations, the Mandatory Building Inspection Scheme scheduled for implementation next year will also require owners of target buildings to regularly inspect and repair their buildings, including drainage pipes in the common areas or on the external walls.

- (c) To assist owners in need in carrying out building maintenance and repair works, the BD, the Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA) have launched a number of financial and technical assistance schemes, including the Comprehensive Building Safety Improvement Loan Scheme, the Building Maintenance Grant Scheme for Elderly Owners, and the Integrated Building Maintenance Assistance Scheme. Owners of buildings who have not formed OCs or other owners' organizations, and have not hired any property management companies, can also apply under the schemes in respect of building repair works (including external drainage pipe works). Furthermore, for buildings without OCs or owners' organizations, the HKHS and URA will encourage and help their owners to set up OCs or to organize common area repair works in accordance with the provisions of the deed of mutual covenant of the building. The HKHS and URA will also provide technical support and advice on issues related to works and tendering, and so on.
- (d) Generally speaking, complaints about defective or leaking drainage pipes on the external walls of private buildings are handled by the BD. Upon receipt of such complaints or referrals from other departments, the BD will carry out inspections. If it is found that the drainage pipes concerned are defective or are posing seepage and hygiene problems as a result of damage, the BD will invoke its power under section 28 of the Buildings Ordinance and issue a drainage repair order to the owners concerned, requiring them to

carry out the necessary repairs within a specified period. In emergency cases, such as extensive seepage or serious hygiene problems caused by severely damaged drainage pipes, the BD will immediately arrange for emergency repairs by a Government contractor and then recover the cost from the owners.

Upon receipt of a drainage repair order, the owner should appoint a qualified professional to investigate the damaged drainage pipes and carry out the necessary repairs within the specified period. If the owner fails to carry out the works as specified in the order within the specified period, the BD will consider taking further enforcement actions, including instigating prosecution against the owner, and appointing a Government contractor to carry out the necessary repairs, the cost of which plus a supervision charge will be recovered from the owner after completion of works.

Over the past three years (that is, from 1 January 2009 to 30 September 2011), the BD received a total of 18 050 complaints about defective or leaking drainage pipes in private buildings. The relevant information is tabulated below:

<i>Year</i>	<i>Number of Complaints</i>
2009	6 178
2010	6 630
2011 (as at 30 September)	5 242

- (2) As the BD does not keep separate statistics on the locations of the concerned drainage pipes in the complaint cases, the figures above cover all cases of defective, leaking and seeping drainage pipes received by the BD.

Assistance for Hong Kong Students Studying on the Mainland

18. **DR LAM TAI-FAI** (in Chinese): *President, Mr LI Keqiang, Vice-Premier of the State Council, announced during his visit to Hong Kong in August this year that starting from 2012, students from Hong Kong will be exempted from taking the National Education Examinations Authority, People's Republic of China (PRC) Joint Entrance Examination for Universities in PRC (JEE), and they can apply directly for admission to some Mainland universities using their results in*

the Hong Kong Diploma of Secondary Education Examination. In this connection, will the Government inform this Council:

- (a) whether the authorities have compiled statistics on the number of Hong Kong students attending primary and secondary schools, tertiary institutions and universities on the Mainland; if they have, of the respective numbers in the past three years; if not, the reasons for that, and whether they will compile the relevant statistics;*
- (b) of the number of enquiries received in each of the past three years by government departments or offices of the Hong Kong SAR Government on the Mainland relating to Hong Kong students who intended to study on the Mainland;*
- (c) of the number of requests for assistance received in each of the past three years by government departments or offices of the Hong Kong SAR Government on the Mainland from Hong Kong students studying on the Mainland;*
- (d) whether it knows the names and other details (including the relevant undergraduate programmes and the number of places offered, and so on) of the Mainland universities which will accept Hong Kong students who will be exempted to take JEE for admission to these universities from 2012 onwards; if it does not have such information at present, of the expected time when the details can be announced;*
- (e) given that local university places have long been inadequate and thus every year there are as many as thousands of secondary school-leavers who meet the basic requirements for admission to universities but could not be admitted to any university, whether the Government will dovetail with the aforesaid initiative of the Central Government and consider providing subsidies in the form of education vouchers for these school-leavers to pursue further studies at universities on the Mainland or overseas; if it will, of the details; if not, the reasons for that;*
- (f) whether government departments and public organizations in Hong Kong will recognize the academic qualifications awarded by*

Mainland universities as equivalent to those awarded by local universities when they are recruiting staff and, with regard to the same position, apply the same application requirements and assessment criteria to graduates of Mainland universities and those of local universities; if so, of the details; if not, the reasons for that;

- (g) whether it has any plan to encourage private organizations to accord greater recognition to academic qualifications awarded by Mainland universities as well as Mainland professional qualifications when they are recruiting staff; if so, of the details; if not, the reasons for that;*
- (h) whether it has any plan to further strengthen the implementation of the mutual recognition mechanism regarding academic and professional qualifications between Hong Kong and the Mainland; if so, of the details; if not, the reasons for that; and*
- (i) whether the Government will introduce corresponding policies or measures to dovetail with the aforesaid new initiative of the Central Government; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) The Government does not maintain statistics on the number of Hong Kong students currently attending primary and secondary schools, post-secondary institutions and universities in the Mainland. Nevertheless, according to the 2006 Population By-census conducted by the Census and Statistics Department, there were about 18 700 Hong Kong permanent residents studying full-time courses in the Mainland that year. Among them, about 9 600 were aged above 16, mostly studying post-secondary courses, and the remaining 9 100 were aged 16 or below, mostly studying courses at secondary level or below. The 2011 Population Census recently completed by the Government will provide updated data on Hong Kong residents studying full-time courses in the Mainland. We do not have statistics or maintain records of the number of Hong Kong residents studying part-time courses in the Mainland.

- (b) The Government does not have statistics on the number of enquiries relating to Hong Kong students intending to study in the Mainland. This notwithstanding, the Mainland Offices of the Hong Kong Special Administrative Region Government (the Mainland Offices) have from time to time received general enquiries concerning plans to study in specific Mainland institutions, but there are no separate records on this type of enquiries. The Mainland Offices will provide the enquirers with contact details of the relevant institutions as appropriate, so as to facilitate them in obtaining the required information.
- (c) The Mainland Offices will provide assistance to Hong Kong residents seeking help in the Mainland as far as practicable, in accordance with the actual circumstances of each case, regardless of whether they are students or not.

According to information available, the Mainland Offices have received 37 cases since 2009 involving assistance sought by Hong Kong residents studying in the Mainland, as tabulated below:

<i>Year</i>	<i>Number of Cases</i>
2009	7
2010	20
2011 (up to October)	10

- (d) In August this year, the Central People's Government announced that starting from 2012, a pilot scheme would be implemented whereby some Mainland universities would exempt Hong Kong students from taking the Joint Entrance Examination for Universities in PRC for Overseas Chinese, Hong Kong, Macao and Taiwan Students, and would admit Hong Kong students based on their results in local public examinations. In late September this year, officials from the Ministry of Education, together with representatives of some institutions to be covered by the scheme, conducted a study in Hong Kong to prepare for the implementation of the scheme in 2012. Based on the findings of the study, the relevant Mainland authorities are now working out the implementation details of the scheme,

including the admission criteria, procedures and schedule, and so on. Details of the scheme, once finalized, will be announced as soon as practicable.

- (e) Currently, the Government has no plan to provide subsidies in the form of education voucher for Hong Kong students to pursue further studies at universities in the Mainland or overseas. This notwithstanding, the Government has all along attached great importance to the development of post-secondary education, and is committed to providing flexible, diversified and multiple-entry multiple-exit study pathways for young people. In this regard, our policy is to promote the parallel development of the publicly-funded sector and the self-financing sector.

Regarding publicly-funded programmes, the Chief Executive announced in his Policy Address last year that publicly-funded first-degree intake places would be increased to 15 000 for each cohort from 2012, and senior year intake places would be doubled to 4 000 each year. As for self-financing post-secondary education, we have implemented a series of support measures which include granting sites to institutions at nominal premium, offering interest-free loans to institutions for constructing new premises; providing financial assistance to students; and establishing a Self-financing Post-secondary Education Fund this year with a total commitment of \$2.5 billion to provide scholarships and support institutions in enhancing quality and strengthening quality assurance. Through policy support and the concerted efforts of institutions, the number of self-financing degree-awarding institutions has increased to six, and the number of self-financing degree places will increase progressively in the coming years.

Based on information provided by institutions, we estimate that over 70 000 places at post-secondary level will be provided in 2012. Together with a total of about 40 000 places offered by the new Project Yi Jin, vocational education or training programmes and other programmes, the estimated places will more or less be able to meet the demand from around 100 000 students in the double cohort year.

We envisage that by 2015, over one third of our young people in the relevant age group will have the opportunity to pursue degree-level education. Including sub-degree places, over two thirds of our young people will have access to post-secondary education.

(f) and (g)

In accordance with the prevailing policy on civil service appointments, qualification requirements for civil service posts are normally set with reference to qualifications obtainable under the local education system or from local institutions. Candidates holding non-local qualifications, including those awarded by Mainland institutions, may also apply for civil service posts. Their qualifications will be subject to individual assessment and they will be considered for appointment if their qualifications are assessed as being comparable in standard to the entry qualification requirements of the posts being applied for. Under the existing mechanism, the Civil Service Bureau will seek the advice of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ), which is its principal advisor on qualifications assessment, and where necessary, other relevant education authorities. As for other public organizations, they formulate their own appointment policies.

Recognition of individual qualifications is essentially a matter for the users to decide. In general, it is up to individual employers (in both the public and private sectors) or professional bodies to decide whether a particular qualification obtained by an applicant should be regarded as meeting the requirements for filling the relevant job position or membership registration. As regards educational qualifications awarded by granting bodies outside Hong Kong, the applicants of these qualifications would normally seek the assessment of the HKCAAVQ. This notwithstanding, decisions as to whether or not to accept particular qualifications for employment and registration purposes still rest with the employer or body.

(h) To promote co-operation between the Mainland and Hong Kong in education and student exchanges, a Memorandum of Understanding

between the Mainland and Hong Kong on Mutual Recognition of Academic Degrees in Higher Education (MoU) was signed between the Ministry of Education and the then Education and Manpower Bureau of the Hong Kong Special Administrative Region in July 2004. The MoU facilitates the mutual recognition of academic qualifications awarded in both places for the purpose of further studies in recognized Mainland and Hong Kong higher education institutions with powers to award degrees at Bachelor's level or above. The list of recognized higher education institutions in both places are attached as Annex to the MoU and updated regularly. Since 2005, the HKCAAVQ has adopted the MoU as an internal reference for assessing qualifications awarded by the Mainland institutions.

Regarding mutual recognition of professional qualifications, the Mainland and Hong Kong are committed to enhancing the access of Hong Kong professional services to the Mainland market under the framework of the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA). We also encourage professional bodies of both sides to pursue mutual recognition of professional qualifications and to foster exchanges among professional and technical talents.

Under the framework of CEPA, Hong Kong and the Mainland actively promote exchanges among professionals of the two places. This includes allowing Hong Kong professionals to take Mainland qualification examinations to obtain relevant professional qualifications in the Mainland. At present, people from over 40 Hong Kong professional or technical disciplines under various service sectors can sit for the professional qualification examinations in the Mainland. At the same time, under CEPA, Hong Kong and the Mainland have reached agreements or arrangements on mutual recognition of various professional qualifications in the construction, securities and futures, accounting and real estate sectors.

The Government will continue to pursue mutual recognition of professional qualifications under the CEPA framework, and will continue to maintain close liaison and communication with various

professional bodies, and encourage them to have exchanges with their Mainland counterparts.

- (i) We welcome the Mainland's recognition of the New Academic Structure for Senior Secondary Education and the qualifications of the Hong Kong Diploma of Secondary Education Examination. This will not only provide an alternate route for Hong Kong students and relieve their pressure in getting entry into universities, but also help them in their career development in the Mainland or Hong Kong in the future and nurture talent for our country. We hope to announce the details of the pilot scheme by the end of 2011 for implementation in early 2012 with a view to relieving the demand for university places in Hong Kong in the double cohort year of 2012.

Protection of Providers of Goods, Services and Facilities Against Sexual Harassment by Customers

19. **MS EMILY LAU** (in Chinese): *President, a women affairs concern group recently conducted a study on sexual harassment in the workplace of the service industries which engage large numbers of young women, through interviewing women taking up various jobs (for example, nurse, flight attendant, restaurant waitress or receptionist, customer service representative, beautician, salesperson and beer promoter, and so on) in such industries, and among the interviewees, 72.6% and 32.3% of them respectively indicated that there might be chances that they could be subject to sexual harassment by customers at work or they had been sexually harassed by customers, and the sexual harassment problem was most serious among women working as beer promoters, nurses, salespersons or flight attendants. In addition, nearly 60% of the interviewees said that they did not know the work of the Equal Opportunities Commission (EOC). In this connection, will the executive authorities inform this Council:*

- (a) *given that the EOC has proposed to the authorities to amend the Sex Discrimination Ordinance (Cap. 480) (SDO) since 1999 to protect providers of goods, services and facilities against sexual harassment by customers, of the reasons why the authorities still have not introduced the amendment bill into this Council despite having indicated their agreement in principle on the relevant proposal in*

2000; whether the authorities will introduce a bill as soon as possible to amend the relevant provisions; if they will, of the details; if not, the reasons for that; and

- (b) *whether they know if the EOC has performed its statutory function to "work towards the elimination of discrimination", and has provided relevant information to the employers in the aforesaid industries in which sexual harassment of employees by customers is particularly serious so that such employers can properly manage the situation of their employees being sexually harassed, as well as enhancing publicity and education for employees in these industries so as to increase their awareness of the SDO and the work of the EOC?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Chinese): President,

- (a) In respect of the proposals submitted by the EOC in 1999 to amend the anti-discrimination ordinances, the Administration has indicated its agreement to some of the proposals in principle after studying them in detail. Some of the proposals concerning the extension of the scope of application for the provisions on sexual harassment have already been implemented as a result of their incorporation into the relevant anti-discrimination legislation during the exercise to enact the Race Discrimination Ordinance in 2008. These include the extension of sexual harassment arising from the creation of a hostile or intimidating environment from the field of work to all the fields covered by the SDO.

For the remaining proposals raised by the EOC, some of them are technical amendments, and the others may have implications for other provisions under the anti-discrimination ordinances. The Administration needs to further study these proposals, taking into consideration recent developments in relevant areas, as well as the refined and new proposals made by the EOC in recent years. Once we have completed our examination, we will consult the Legislative Council and relevant parties at an appropriate time to take forward the legislative work.

- (b) The EOC has been performing its functions under the SDO. It endeavours to work towards the elimination and prevention of sexual harassment through complaints handling, policy advocacy and public education, and, by means of conciliation and legal actions, assist aggrieved persons to obtain apologies, damages or other remedies.

Regarding the public awareness of the EOC, in 2007, the EOC commissioned Policy 21 of the University of Hong Kong to conduct a survey with 1 502 respondents. The survey showed that 95% of the respondents had heard of the EOC when prompted, 72% of the respondents understood that the EOC was involved in promoting equal opportunities or eliminating discrimination in respect of sex.

Regarding publicity against sexual harassment, the EOC undertakes a range of promotional efforts in accordance with the scope as stipulated under the law. In respect of the workplace, the EOC has designed booklets, posters and educational kits in various forms, which are available for use by all parties to disseminate the message of eliminating and preventing sexual harassment. The EOC also organizes training sessions on "Preventing and Managing Sexual Harassment in the Workplace" for employers, employees and participants from various sectors regularly. Furthermore, the EOC provides self-learning courses on its website for employers and employees to understand how to prevent and manage sexual harassment in the workplace.

The EOC will continue to take forward public education and publicity work to strengthen public awareness on the prevention and management of sexual harassment.

Development of Tourism on Lantau Island

20. **MR PAUL TSE** (in Chinese): *President, earlier on, some members of the tourism industry complained that there were long stretches of roads which were closed to the public on Lantau Island, making it difficult for the tourist attractions in different parts of Lantau Island to produce a synergy effect. Not long ago, the Panel on Economic Development of this Council, together with the tourism*

working group formed by the management echelons of various tourist attractions on Lantau Island, as well as the Islands District Council, conducted a site visit to Lantau Island to assess the impact of closed roads on the development of tourism on Lantau Island. In this connection, will the Government inform this Council:

- (a) of the policies and measures to be adopted by the Government for reducing the coverage of closed sections of these roads after listening to the views of the aforesaid delegation, so as to improve the aforesaid situation;*
- (b) what specific plans the Government has for developing tourism on Lantau Island; whether it will make reference to Singapore's experience in developing Sentosa into a major tourist attraction when it formulates its strategy for developing tourism on Lantau Island; and*
- (c) whether it has consulted the management echelons of Hong Kong Disneyland, Ngong Ping 360 and the tourist attractions in Cheung Sha, Mui Wo and Tai O, and so on, so as to seek ways to enhance the synergy effect produced by these tourist attractions, in order to improve tourism development on Lantau Island?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, our replies to the questions raised by Mr Paul TSE are as follows:

- (a) South Lantau is a conservation area. The Transport Department (TD) has implemented traffic management measures in South Lantau to protect this area from being damaged and ensure its long-term sustainable development. Such measures include introducing closed roads and restricting the number of vehicles accessing South Lantau.

Upon the completion of improvement works on Tung Chung Road and opening of the road to traffic in February 2009, the TD has suitably relaxed the restrictions on vehicle access to the area by allowing a daily maximum of 30 coaches to access South Lantau via

Tung Chung Road. Figures reveal that this measure is sufficient to meet the general demand for group tours to South Lantau. To cater for major tourism events (such as the Mui Wo Lantern Festival held in March 2010), the TD has exercised flexibility to allow more coaches to gain access to South Lantau on the event date. These measures aim to strike a balance between promoting South Lantau's tourism development and protecting its natural environment.

The TD will review, from time to time, the prevailing condition of the traffic and public transport facilities on Lantau and make appropriate adjustments in the light of the different development needs of Lantau.

- (b) Lantau Island has always been one of Hong Kong's tourist hotspots. The Government has developed a number of infrastructure projects and attractions on Lantau, including the Hong Kong Disneyland, AsiaWorld-Expo, Terminal 2 of the Hong Kong International Airport, Ngong Ping Cable Car, Ngong Ping Piazza and Wisdom Path, and so on.

A number of new tourism facilities will come into operation on Lantau in the next few years. The expansion of the Hong Kong Disneyland is proceeding smoothly. Three new themed areas are expected to be completed by 2013, with the first one (Toy Story Land) to be opened in mid-November this year. A heritage boutique hotel converted from the Old Tai O Police Station will be opened by the end of 2011. Preserving the colonial architectural features and highlighting the history of Tai O (including the Old Tai O Police Station), the hotel will be an ideal attraction to local and overseas visitors alike. The Civil Engineering and Development Department is carrying out improvement works in Tai O in phases, and is embarking on the detailed design for a project to beautify Mui Wo. A new hotel with convention facilities in the Discovery Bay is expected to commence operation in mid-2012.

In addition to leisure travel, Lantau enjoys competitive advantages in the development of meetings, incentive travels, conventions and exhibitions (MICE) tourism. The presence of large-scale

convention and exhibition venues and numerous hotels is one of its key advantages. Coupled with the distinctive MICE products constantly launched by industry partners, Lantau has the potential to develop into a new MICE hub to meet the needs of the various event organizers and visitors.

We have been introducing the unique features of Lantau to visitors through various channels. We will continue to keep in view tourism development in the neighbouring regions, and explore the feasibility of developing new attractions on Lantau. We will also continue to foster co-operation among the Hong Kong Tourism Board (HKTB), the Islands District Council and various attractions to promote Lantau as a distinctive tourist destination.

- (c) The Government, HKTB and major attractions on Lantau have always been committed to enhancing the tourism appeal of the island. Our strategy is to develop itineraries featuring different attractions on Lantau to achieve greater synergy. For instance, itineraries including the Ngong Ping Cable Car and sites of historical and cultural interest such as the Tai O fishing village and the Po Lin Monastery have been developed to attract tourists interested in natural landscape and cultural heritage. The HKTB also actively promotes Mui Wo as the starting point for exploring Lantau. Tourists are advised to go to Mui Wo by ferry and then take a bus to such attractions as the Po Lin Monastery, Giant Buddha, Ngong Ping Piazza and Ngong Ping Village.

There is frequent collaboration among the operators of tourist attractions on Lantau. For example, when the "River of Wisdom — Animated Version of Riverside Scene at Qingming Festival" Exhibition was held in the AsiaWorld-Expo in November last year, exhibition ticket holders could enjoy a discount for riding the Ngong Ping Cable Car. In April and May this year, the Ngong Ping Cable Car paired up with Hong Kong Disneyland to offer admission discounts to visitors.

In August this year, the Tourism Commission (TC), HKTB, Islands District Council and New World First Ferry Services Limited jointly

launched a publicity campaign to further promote Lantau's tourism appeal. The campaign includes the publication of a guidebook for outlying islands (featuring tourism highlights of the different outlying islands), the launch of an Island Hopping Pass (to enable tourists to travel to outlying islands on ferry trips at concessionary fares), and arrangements with shops and restaurants on outlying islands to offer dining and shopping discounts to visitors.

The TC and the HKTB are currently teaming up with the MICE and other relevant trade partners on Lantau to promote Lantau as a new MICE hub. Our initiatives include strengthening promotion at international and major MICE trade activities, encouraging event organizers to include Lantau in their itineraries, and, by means of public relations efforts and the Internet, promoting MICE offerings on Lantau to attract more event organizers and visitors.

We attach great importance to the development of tourism on Lantau. With a view to enhancing Hong Kong's status as a premier tourist destination in Asia, we will continue to work with the relevant parties to develop diversified tourist attractions on Lantau and step up promotion to enhance the Island's tourism appeal.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bill: First Reading.

FISHERIES PROTECTION (AMENDMENT) BILL 2011

CLERK (in Cantonese): Fisheries Protection (Amendment) Bill 2011.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bill: Second Reading.

FISHERIES PROTECTION (AMENDMENT) BILL 2011

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I move the Second Reading of the Fisheries Protection (Amendment) Bill 2011 (the Bill).

The Bill seeks to further promote the sustainable development of the fishing industry and restore gradually the fisheries resources in our marine environment. The Chief Executive announced in the policy address last year that trawling in Hong Kong waters should be banned through legislation. In the Policy Address this year, he also announced that the Government would introduce in this Legislative Session a Bill on other fisheries management measures. The Bill is an important step following the passage of the subsidiary legislation on the trawling ban in Hong Kong waters by the Legislative Council in May last year.

The Legislative Council Panel on Food Safety and Environmental Hygiene has discussed the fisheries management measures in the Bill in March this year and the Bill was gazetted on 21 October 2011.

To control the fishing effort in Hong Kong waters and protect important fish spawning and nursery grounds, the four key fisheries management measures proposed by the Bill include (a) introducing a registration system for local fishing vessels; (b) limiting the entry of new fishing vessels and maintaining an appropriate number of vessels and level of fishing effort; (c) restricting fishing activities with the use or aid of non-fishing vessels and prohibiting fishing activities with the use or aid of non-local fishing vessels; and finally (d) designating fisheries protection areas (FPAs).

The Director of Agriculture, Fisheries and Conservation (DAFC) will register local fishing vessels. The registration will be a one-off exercise, it will remain valid throughout the lifespan of the vessel and no renewal of registration will be required. The DAFC will only register existing local fishing vessels which already possess a valid operating licence issued by the Marine Department (MD) on the commencement date of the Bill. A vessel constructed or acquired

after the commencement date will also be eligible for registration if its owner possesses an approval-in-principle letter issued by the MD that is valid on the commencement date and a valid operating licence can be produced at the time of application for registration. A certificate of registration will be issued to the successful applicant. The DAFC will keep a register of all registered vessels available for public access.

We hope to limit the entry of new fishing vessels by introducing a registration system for local fishing vessels, with a view to controlling the number of fishing vessels and maintaining an appropriate level of fishing effort, thereby restoring our marine environment. We propose that the application for registration must be made on or before the expiry of a period of 12 months from the date of the commencement of the Bill. For any registered vessel, its engine power must not be increased. The DAFC may, however, approve subsequent applications related to the replacement of a registered vessel by a new one, on condition that the engine power of such vessel is no higher than the vessel to be replaced.

While we will ban trawling in Hong Kong waters, the DAFC will not register any trawlers. However, to cater for the special situation of the trawlers, the Bill will provide for an enabling provision to allow a trawler owner an option of registering a non-trawler by modifying his/her existing trawler or by acquiring a new vessel, on condition that the engine power of the non-trawler is no higher than the trawler to be replaced. We are prepared to allow these owners to exercise the option beyond the specified period of 12 months. We will work out the detailed arrangements after consultation with the trade.

The Bill allows fishing with the use or aid of a non-fishing vessel by specified fishing methods which will not adversely impact on the fisheries resources, such as fishing by hand-lining or without any fishing gear. However, all fishing with the use or aid of non-local fishing vessels will be prohibited on the ground that the fishing operation of such vessels would impact adversely on our marine environment. This is consistent with the practice in economies with a well-developed fishing sector.

Besides, the Bill will provide that the DAFC may grant a research fishing permit, upon such conditions as he thinks fit, for fishing of a local fishing vessel for scientific, environmental monitoring or related purposes.

We propose to designate by making subsidiary legislation certain areas in Hong Kong waters as FPAs to protect important spawning and nursery grounds, help restore fisheries resources in Hong Kong waters, and promote their sustainable growth in the long run. We plan to deploy artificial reefs and release fish fry in FPAs, so as to enhance fisheries resources.

We will conduct more detailed study on FPAs in regard to their location, size and management measures to be imposed. After we have come up with specific proposals, we will seek the views of the fishing community, various departments and other stakeholders before setting up FPAs by means of subsidiary legislation.

We have conducted extensive consultation on the Bill, including receiving views from relevant Advisory Committees and umbrella fishermen bodies. The proposal was generally supported by the fisheries industry and the green groups.

I implore Members to support the passage of the Bill as soon as possible, so as to promote the sustainable development of the fishing industry.

Thank you, President.

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

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

MOTIONS

PRESIDENT (in Cantonese): Motions. Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Residential Care Homes (Persons with Disabilities) Regulation.

I now call upon the Secretary for Labour and Welfare to speak and move the motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I move that the motion to amend the Residential Care Homes (Persons with Disabilities) Regulation (the Regulation) under my name, as printed on the Agenda, be passed.

The Residential Care Homes (Persons with Disabilities) Ordinance (the Ordinance) was enacted on 24 June 2011, to provide a legal framework for the licensing scheme for Residential Care Homes for Persons with Disabilities (RCHDs). To expeditiously implement the licensing scheme, we then made the Residential Care Homes (Persons with Disabilities) (Commencement) Notice 2011 (Commencement Notice), to appoint 18 November 2011 as the commencement date of the Ordinance (except Part 2 on sanctions relating to the operation without a licence/certificate of exemption), and at the same time, made the Regulation, to stipulate the requirements for the operation, management and supervision of RCHDs. The Commencement Notice and the Regulation have been tabled for consideration at the Legislative Council on 6 July 2011.

The Subcommittee on Residential Care Homes (Persons with Disabilities) Regulation and Residential Care Homes (Persons with Disabilities) Ordinance (Commencement) Notice 2011 (the Subcommittee) formed by the Legislative Council has scrutinized the Regulation and the Commencement Notice. The amendment I am proposing today is a technical amendment in response to the comments of the Subcommittee. Allow me to briefly explain the amendment.

Upon commencement of the Regulation, health workers of residential care homes for the elderly (RCHEs) and RCHDs will be required to register under the Residential Care Homes (Elderly Persons) Regulation (Cap. 459A) (RCHE Regulation) and the Regulation separately. For those who would like to be qualified as both types of health workers, they have to register under both registers.

It is stipulated in both the RCHE Regulation and the Regulation that the registration of a health worker may be cancelled if the Director of Social Welfare (DSW) is of the opinion that the registration was obtained by fraudulent means, or if the DSW ceases to be satisfied that the person is qualified, competent and fit

and proper to be registered as a health worker. For a health worker who was registered in both registers, if the DSW, on the basis of the abovementioned reasons, cancels the health worker's registration in accordance with the RCHE Regulation, then that health worker's other registration under the Regulation will also be cancelled under section 5(4)(d) of the Regulation.

Section 5(4)(d) of the Regulation is formulated in view of the similarity of the qualifications and the duties between the health workers serving RCHEs and those serving RCHDs. If the DSW decides to cancel a health worker's registration under the RCHE Regulation, we consider it necessary to cancel the health worker's registration under the Regulation in order to protect the well being of RCHDs residents. Such arrangement fulfils the legislative intent of the Ordinance and the Regulation which aim to improve the service quality of RCHDs and protect RCHD residents.

The Subcommittee considers it appropriate to amend section 5(4)(d) of the Regulation to allow a person who initiates cancellation of registration under the RCHE Regulation to have a choice to retain his or her registration as a RCHDs health worker. The Administration has no objection to the proposal, and has introduced amendment in response to the comments of the Subcommittee.

Once the amendment is endorsed by the Legislative Council, the Ordinance and the amended Regulation will come into effect on 18 November 2011. The DSW will subsequently issue the Code of Practice for Residential Care Homes for Persons with Disabilities, which specifies detailed procedures, guidelines and standards for the operation, management and other control aspects of RCHDs, on the basis of the licensing requirements stipulated in the Regulation. The licensing scheme for RCHDs will then come into operation.

To allow time for individual RCHDs to put in place suitable arrangements for application for a new licence/certificate of exemption and for the Social Welfare Department to process all applications, there is a grace period of 18 months starting from the commencement of the Ordinance (that is, 18 November 2011). During the grace period, RCHDs operating without a licence/certificate of exemption will not be prosecuted. The Government will gazette another commencement notice to bring Part 2 of the Ordinance into operation 18 months upon the expiry of the grace period. By that time, the operation of RCHDs without licence/certificate of exemption will constitute an offence.

Finally, I would like to take this opportunity to thank Mr WONG Sing-chi, Chairman of the Subcommittee and other nine members; not only have they carefully scrutinized the clauses of the Regulation, but also proposed a number of practical and useful recommendations on the operation, administrative arrangement and complementary measures on the licensing scheme. I am also grateful to the deputations and members of public who have taken part in the discussions of the Subcommittee. Their valuable views enabled the Government to better understand the needs of service users and RCHDs operators, and provided an important reference for our future development in enhancing residential services and rehabilitation policy on a continuous basis.

With these remarks, President, I propose the motion.

The Secretary for Labour and Welfare moved the following motion:

"RESOLVED that the Residential Care Homes (Persons with Disabilities) Regulation, published in the Gazette as Legal Notice No. 111 of 2011 and laid on the table of the Legislative Council on 6 July 2011, be amended as set out in the Schedule.

Schedule

Amendment to Residential Care Homes
(Persons with Disabilities) Regulation

1. Section 5 amended (register of health workers)
Section 5(4)(d), after "section 5(4)" —
Add
"(a) or (c)."

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

MR WONG SING-CHI (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Residential Care Homes (Persons with Disabilities)

Regulation and Residential Care Homes (Persons with Disabilities) Ordinance (Commencement) Notice 2011 (the Subcommittee), I report on the deliberations of the Subcommittee.

The Subcommittee held five meetings with the Administration, including two meetings with deputations to receive views from operators of residential care homes for persons with disabilities (RCHDs) and other stakeholders on the requirements and standards stipulated under the licensing regime for RCHDs.

Members noted the grave concern of the private RCHD operators about the financial viability of private RCHDs after the implementation of the licensing scheme for RCHDs. According to information provided by the sector, nearly half of the private RCHDs will have to cease operation after the implementation of the licensing scheme as they cannot afford the additional costs ranging from \$250,000 to \$800,000 incurred as a result of different types of improvement works for complying with the licensing requirements on fire and building safety. Members were concerned about the decanting arrangements for residents of private RCHDs upon closure.

Members were also concerned that private RCHDs might transfer the costs of improvement works onto the residents by increasing their home fees. As over 90% of the residents of private RCHDs are receiving Comprehensive Social Security Assistance (CSSA) payments of some \$4,000 a month in order to pay their home fees, these residents may find it difficult to afford the increased home fees without a corresponding increase in CSSA payments.

In response to these concerns, the Administration will introduce suitable complementary measures to encourage private RCHDs to upgrade their service standards, including the introduction of a pilot Bought Place Scheme (BPS) for private RCHDs. During the four-year pilot period, the Government will purchase about 300 RCHD places by phases. In addition, the Administration will implement the Financial Assistance Scheme (FAS) upon commencement of the Residential Care Homes (Persons with Disabilities) Ordinance (the Ordinance) to provide subsidies for private RCHDs to carry out improvement works on building and fire safety for complying with the licensing requirements. A maximum grant up to 60% of the recognized cost of the improvement works will be allocated to each eligible private RCHD.

The Administration also assured members that it attached great importance to the well-being of RCHD residents. Should RCHDs plan to discontinue operation, they are required under the Code of Practice for RCHDs to inform the Social Welfare Department (SWD) as early as practicable so that suitable arrangements can be made for the residents. Moreover, the Administration advised that higher standard CSSA payment rates are payable to recipients with disabilities, and RCHD residents receiving CSSA are also eligible for a monthly rent allowance.

As the Government will provide only a partial subsidy level of 60% of the recognized cost under the FAS, Members called on the Administration to explain to the RCHD sector the eligibility criteria for Small and Medium Enterprises (SMEs) Loan Guarantee Scheme such that the operators may consider applying for the loan to meet the compliance costs.

Members expressed concern about the processing time for application for RCHD licences. The Administration stated that a Licensing Office comprising staff from the SWD, the Buildings Department and the Fire Services Department will be set up to provide one-stop services to licence applicants after the commencement of the Ordinance. It is expected that the processing time for a RCHD licence application will take eight weeks.

Members noted that both the Residential Care Homes (Persons with Disabilities) Regulation (the Regulation) and the Residential Care Homes (Persons with Disabilities) Ordinance (Commencement) Notice 2011 (the Commencement Notice) will come into operation on 18 November 2011. The Administration has stressed repeatedly that there would be a grace period of 18 months starting from the commencement of the Ordinance. During the grace period, no sanction would be imposed on the operation of RCHD without a licence or a Certificate of Exemption. Notwithstanding the provision of a grace period of 18 months by the Administration, Members remained concerned about the possible impact of the licensing scheme on the private RCHD sector and the residents. To allay Members' concern, the Administration has undertaken to report to the Panel on Welfare Services on the progress in implementation of the licensing scheme and the related complementary measures, including the pilot BPS for RCHDs and the FAS in about six months after the commencement of the licensing scheme.

Under section 5(4) of the Regulation, the registration of a health worker may be cancelled by the Director of Social Welfare. Members noted that pursuant to section 5(4)(d) of the Regulation, when a health worker registered under the Residential Care Homes (Elderly Homes) Regulation (the RCHE Regulation), who is also registered as a RCHD health worker, initiates a cancellation of registration, the two health worker registrations will be cancelled together. The Subcommittee considered that a person who initiates a cancellation of registration under the RCHE Regulation should have a choice to retain his or her registration as a RCHD health worker. The Administration agreed to amend section 5(4)(d) of the Regulation so as to improve the provision. The Subcommittee supported this amendment.

President, next, I will express my personal views, as well as the views of the Democratic Party on the matter.

The Democratic Party welcomes the Administration's proposal to introduce regulation and implement the registration requirements under the Regulation. In fact, the Legislative Council and various sectors of the community have been hoping that the Administration will effect the registration requirements at an earlier date because we believe that by strengthening supervision on residential care homes (in particular RCHDs), residents will definitely be benefited with no harm done to them. However, it is not our wish to see the closure of private residential care homes after the implementation of various regulatory requirements. It is our hope that through regulation, residents will not only be provided with a good and comfortable living environment, but more importantly, a safe living environment. Therefore, it is not our wish to see overly stringent statutory requirements such that some residential care homes can no longer continue operation.

After visiting many residential care homes, I found that there are still many substandard homes with very crowded living environment. The life of residents living in these residential care homes is no different from that of poor families living in the community. Hence, we must accept the Administration's proposal to introduce standards of regulation, so that the residents are provided with a proper living environment. Nonetheless, I also notice that persons with disabilities (PWDs) must live in RCHDs because their original living environment is even more crowded, and their family members have difficulties in

taking care of them. If PWDs stay at home, their living environment is even worse than staying in substandard RCHDs.

I am not saying that PWDs should be sent to residential care homes simply because of this reason. Instead, I hope that in the process of regulation, we should not just focus on the hardware and the environment, instead we should also consider the software and the different situations faced by different people, so that the emotions as well as the living conditions of residents are well taken care of. Why do I say so? That is because during my visits to RCHDs, I always notice that notwithstanding the poor living environment, the staff are very caring — people without a caring heart can hardly work in RCHDs — and take good care of the residents. When I asked the residents about their lives in RCHDs, they all said that they were very happy. Although I think it is miserable for them to live in RCHDs, the residents have a good time because many people take care of them and keep them company. If they were to stay at home, they would be left alone because their parents must go out to work.

Therefore, under the current situation, although some RCHDs are shabby and some of them even have many problems, such as safety problems, their operation as well as the care they provided for PWDs so far are not as bad as people commonly think. The only problem with these RCHDs is the facilities.

Therefore, we earnestly hope that more operators will run RCHDs so as to provide PWDs with a respite from their congested living environment and tough family life. It is certainly a good thing to see that PWDs are provided with accommodation and care. That is why during our deliberation on the Regulation, we hoped that the Government would ensure the continued operation of RCHDs after the implementation of the licensing scheme, rather than just imposing some hard and fast rules to regulate the operators of RCHDs, such that those *bona fide* operators without the resources and other supporting means are forced out of business.

To this end, we have considered many measures. But under the present circumstances, the Government must still make a number of improvements. For example, the Government has proposed to introduce the pilot BPS for private RCHDs, either after or before the implementation of the licensing scheme. While this is the right way forward, so far less than one third, or at best just one third of the targeted 300 RCHD places have been bought within the four-year

pilot period; and even if 300 RCHD places have been bought, the number is hardly adequate as there are now about 2 000 people on the RCHD waiting list.

Also, the purchase price cannot meet with the actual need at present. By a simple calculation, the current subsidies provided by the Government to subvented RCHDs is about \$9,747 per place (that is the latest figure in this year's Budget), but only some \$5,000 to \$6,000 is provided for a private RCHD place. As private RCHD can charge \$1,500 for a place, the fee level of a private RCHD place is only some \$7,000. There is a huge difference between the grant of some \$5,000 to \$6,000 to private RCHDs and the current subsidies provided by the Government to subvented RCHDs, yet private RCHDs are operating on a self-financing basis. As the ratio of bought places is capped at 50%, private RCHDs must try to maintain the operation of the remaining 50% of the residential care places. Regarding the remaining 50% of the residential care places, private RCHDs must attract other residents to cover the operating costs. As the overall standard of RCHDs must be upgraded to a higher level, it would create operational difficulties for private RCHDs.

Moreover, the situation of PWDs is different from that of elderly persons; when they were young, they were taken care of by their parents. But as they reach middle age, their parents may have already retired or even unemployed. In that case, who will take care of them? As they can hardly be self-reliant, they must resort to CSSA if they want to continue living in RCHDs. However, the current level of CSSA payments is lagging behind inflation and other indexes, especially rent index. The current level of CSSA rent allowance is \$1,265, but rental is generally \$1,500 or above. Yet, the Government is still reluctant to make any further adjustment.

Therefore, we are worried that after the implementation of the licensing scheme, residents of private RCHDs who must rely on CSSA payments to cover their home fees might be rendered homeless as a result of financial difficulties faced by RCHDs. We hope that the Government will further study various measures to address this issue. First of all, CSSA payments must be adjusted immediately; in particular, the level of residential home care allowance provided for PWDs should be increased, so that private RCHDs can still operate and provide residential care places even though they must rely on the support from CSSA payments of the residents.

President, at the meetings of the Subcommittee, we have even resorted to the SMEs Loan Guarantee Scheme in the absence of other possible measures. Many private RCHDs are indeed earning meagre profits; some operators even do not get any pay in order to keep RCHDs in operation. Some people may say that those RCHDs should better be closed down. But as I said, the operators have already built up a relationship with the residents. Moreover, can the problem really be resolved if RCHDs cease operation? Actually, that is not an easy decision. Hence, we hope that the Government can set up a loan scheme, such as through SME loans or other channels, to provide additional funds for private RCHDs in addition to the subsidy for 60% of the recognized cost of improvement works, so as to help them tide over the difficulties.

We hope that in passing the Regulation, we do not just consider the issue from the perspective of rational thinking; we should instead seek concrete improvements to the environment of RCHDs. We must feel with our hearts and from the perspectives of love and care, try to understand the operational difficulties faced by RCHDs as well as the plight faced by PWDs, so as to bring about more improvements and awareness.

President, in respect of the waitlisting situation of residential care homes for PWDs, the waiting time for severely mentally handicapped persons is 73 months, while that for moderately mentally handicapped persons is as long as 80 months. The situation is far from satisfactory. Even if improvements have been made to resolve the difficulties currently faced by RCHDs, and the pilot BPS has been implemented, the problem can hardly be resolved. I can tell Members that at present, there is a serious lack of co-ordination among various government departments. For example, there are some composite commercial/residential buildings in the industrial zones which can be used for the provision of RCHDs. But as they are situated in industrial zones, the Planning Department has categorically refused to grant exemption for converting these buildings into RCHDs. Even for proposals to convert RCHEs into RCHDs, they must undergo another round of district consultation, which is clearly discriminatory. Therefore, I hope the Government can better deal with other complementary measures as well as inter-departmental co-ordination (*The buzzer sounded*) Thank you, President.

MS MIRIAM LAU (in Cantonese): President, the enactment of the Residential Care Homes (Persons with Disabilities) Ordinance (the Ordinance) is intended to

empower the Government to make regulations to provide for the requirements on the operation, management and supervision of residential care homes for persons with disabilities (RCHDs), including staffing and space requirements, health and safety requirements, penalties and fees, and so on. Notwithstanding the original good intention of licensing, I speak today on behalf of the Liberal Party as well as the Business and Professionals Alliance (the Alliance) to reflect the views of the RCHD sector and our concern about the Ordinance.

As a matter of fact, the RCHD sector is extremely worried that with the implementation of the Ordinance, private RCHDs may close down one after another as they cannot afford the additional costs and recurrent expenditure so incurred. Therefore, the RCHD sector hopes that measures can be proposed by the Government to alleviate the problems so that their scope of operation will not be stifled.

Firstly, in respect of operating costs, the salary cost of grass-roots workers has increased by at least 30% or above since the implementation of the statutory minimum wage by the Government this year. A large number of care workers have been employed by RCHDs. According to statistics from the RCHD sector, the average monthly salary of an employee has sharply increased from \$7,200 five years ago to \$10,000 now.

As pointed out by the Hong Kong Private Hostel for Rehabilitation Association (the Association), the implementation of the statutory minimum wage, soaring rentals and inflation have driven up the operating costs continuously, which result in increasing difficulties in operating private RCHDs. Without additional subsidies, their operation would become even more difficult.

Secondly, when setting up an RCHD, the RCHD licence applicant must first meet the land lease and town planning requirements for the proposed location. However, the application process is highly complicated. Upon receipt of an application, the District Lands Office concerned will consult the relevant Policy Bureaux and departments. The process will generally take six months (that is, 22 weeks). In case the applicant subsequently makes an application for lease modifications, the District Office concerned, as well as the Policy Bureaux would have to be consulted.

The sector worries that even if an application is considered acceptable by government departments, it will meet with opposition from District Council members and local residents such that the dissenting voice of the minority is magnified, resulting in the application being delayed without reasons or even rejected ultimately.

Moreover, we learn from the Association that almost all private RCHDs have to undergo different types of improvement works in order to comply with the licensing requirements on fire and building safety. The additional costs so incurred range from \$250,000 to \$800,000.

Notwithstanding the grant provided by Government to cover 60% of the cost of compliance works, the remaining 40% would have to be borne by private RCHDs themselves. However, under the present difficult operating environment, many RCHDs can hardly afford to spend several hundred thousand dollars in one go for improvements.

Although there is a suggestion that private RCHDs can apply for up to 50% loan guarantee under the Small and Medium Enterprises Loan Guarantee Scheme, the decision of approving the applications or otherwise rests solely with the banks.

The Liberal Party and the Alliance hope that the Administration will consider providing a higher level of subsidies to private RCHDs, streamlining the procedure, or even offering low-interest or interest-free loans to private RCHDs directly for application.

With soaring rentals and inflation in recent years, the RCHD sector already envisages that after the implementation of the licensing scheme, up to 60% to 70% of their revenue will go to rental and salary costs, calculated on the basis of the minimum area of floor space at 6.5 sq m for each RCHD resident, as required by the Social Welfare Department. Although the Government has mentioned that the Administration will introduce the pilot Bought Place Scheme, as pointed out by Mr WONG Sing-chi just now, the number of bought places is in fact limited to 300 while many persons with disabilities are on the waiting list.

Moreover, the Government's estimated unit operating costs of a RCHD place are different from that of the RCHD sector. According to the information

provided by the Government, the estimated unit operating costs of a private RCHD place in urban areas and in the New Territories are \$4,394 and \$3,802, while the sector points out that the actual unit operating costs of a RCHD place in urban areas and the New Territories are \$5,950 and \$5,269 respectively. The difference for each RCHD place is as much as \$1,500 a month. The sector complains that they can only save cost on food and other items, or else they can hardly continue operation. It is likely that the RCHD sector will be hit by waves of business closure after the expiry of the 18-month grace period.

Lastly, the Liberal Party and the Alliance have no objection to the technical amendments proposed by the Administration in relation to the registration of health workers in the Schedule. However, we hope that the Government will provide more support to private RCHDs, which include active consideration of providing an allowance to private RCHD residents to help them meet with the pressures of increased home fees after the implementation of the licensing scheme.

President, I so submit.

MR CHEUNG KWOK-CHE (in Cantonese): President, I reckon Members will know that the Legislative Council has already proposed to legislate for this matter as early as 2006. Five years have since gone, and luckily, the relevant legislation has finally been enacted.

Of course, the Residential Care Homes (Persons with Disabilities) Regulation (the Regulation) can help ensure the service quality of all residential care homes for persons with disabilities (RCHDs), subvented and private RCHDs alike, as well as prevent the possibility of residents being abused in some RCHDs. But we must note that while RCHDs are brought under control, they must be given the room for survival. Otherwise, should RCHDs close down as a result of over-supervision, the Government must ultimately bear the responsibility as residents are forced to leave the RCHDs. Therefore, the Government should carefully strike the right balance between exercising control and ensuring the survival of RCHDs.

First of all, I must point out that we need not pass the Code of Practice for RCHDs together with the enactment of the Regulation. While the Code of

Practice is intended to enforce some important requirements in the Regulation, a consensus between the Government and the public has yet to be forged on the details of the Code of Practice.

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

In this connection, I must highlight some of the inadequacies of this Code of Practice. Firstly, regarding the spatial requirement of RCHDs, we understand that subvented RCHDs must comply with all the requirements stipulated in the Code of Practice, which are higher standards. Currently, the space standard per capita of private RCHDs is about 3.5 sq m to 4 sq m. But in future, the minimum area of floor space required for each RCHD resident is 6.5 sq m; for RCHDs with bought places, if I remember correctly, the requirement is even higher at 8 sq m. Under this circumstance, private RCHDs must upgrade the current space standard per capita from 3.5 sq m or 4 sq m to 6.5 sq m. Given the space constraint of their current location, the RCHDs must reduce the number of residents.

Some people opine that 6.5 sq m is in fact inadequate because residents living in high care level homes are likely to be wheelchair-bound or even bed-ridden, and the space standard per capita of 6.5 sq m can hardly allow access of wheelchairs and beds. That is why the requirement of 8 sq m is imposed on subvented RCHDs. Why must subvented RCHDs meet the standard of 8 sq m, while private RCHDs are only required to meet the standard of 6.5 sq m? Will all private RCHDs eventually dare not accept residents requiring intensive care, so that these people must keep on waiting for places in subvented RCHDs?

Furthermore, can indoor and outdoor space of private RCHDs be put to mixed use? Some RCHDs have podiums, and some RCHDs in rural areas have gardens. But as far as we know, these two facilities will not be included in the calculation of spatial requirement under the Code of Practice. In other words, only the net floor area of indoor space is calculated. If outdoor space can also be included in the calculation of the space standard per capita of 8 sq m, the residents will not have to be confined to the indoor area and they can go outdoors to enjoy the sunshine.

On the other hand, staffing requirements are also set out in the Code of Practice. For high care level homes with a capacity of 40 care places, the current minimum staffing requirement is one ancillary worker, one care worker and two health workers; no nurse is needed if health workers are available. For night-shift, the minimum staffing requirement is perhaps two staff members. On this basis, probably four to five staff members are enough to take care of 40 residents. Do we want to have such a low carer to resident ratio? I think this issue should be raised so as to invite views from Members.

Moreover, even dispensing with the higher space standard per capita of 6.5 sq m as required under the current Code of Practice, and maintaining the existing staffing level I just mentioned, private RCHDs are already faced with grave operational difficulties. For a private RCHD with 60 residents at present, it can only accommodate 30 to 40 residents in future due to space constraint.

Secondly, most of the residents of private RCHDs are recipients of Comprehensive Social Security Assistance (CSSA) payments. At present, the maximum level of CSSA payments is some \$5,000, including subsidies for rental and living expenses, as well as some special allowances depending on the health condition of the recipients, such as special diet allowance and supplement for purchasing items such as diapers. As Ms Miriam LAU has just mentioned, the home fee of RCHDs is at least \$6,000. In that case, is CSSA payment of some \$5,000 adequate to maintain the continued operation of some private RCHDs? Moreover, rentals and staff costs keep increasing, but CSSA payments fail to catch up. How can these care homes survive?

Hence, at the meetings of the Subcommittee, we have also suggested that CSSA payments should be adjusted. Such adjustment is justifiable. We know that currently, CSSA payments include subsidies for rental and food, as well as some special allowances. All these are spent on the residents. If they live at homes, no problem will arise because they are taken care of by family members. But if they live in a care home, no subsidies are provided under the current CSSA for private RCHD residents to acquire such services. Why should private RCHDs bear these costs? Private RCHDs also need to survive. Therefore, the RCHD sector requests the provision of a monthly allowance of \$1,500, not as part of increased CSSA payments, but as allowance for CSSA recipients living in private RCHDs to acquire residential care services. In our view, the provision of such allowance enables private RCHDs to stay in business, while CSSA

recipients living in care homes can properly enjoy the services of accommodation, food, and care, and so on. The Administration should discuss the matter fairly with the private RCHD sector from these three aspects.

Separately, as Ms Miriam LAU and Mr WONG Sing-chi have just mentioned, the pilot Bought Place Scheme (BPS) can resolve a number of problems. The current quota under the BPS is 300 places. But as far as I know, less than 100 bought places are taken up by private RCHDs. Private RCHDs are unwilling to take up these bought places because the ratio of bought places is capped at 50% of their capacity. The remaining 50% of care places must be taken up by non-bought place residents. However, in order to be eligible for the BPS, private RCHDs with a capacity of 40 care places must employ 19 staff members. In other words, the staffing level of five to six employees mentioned by me earlier does not meet the requirement because that is only the minimum requirement. Private RCHDs taking part in the BPS must employ 19 staff members. That is one of the reasons why private RCHDs are reluctant to take part in the BPS. As the remaining 50% of residents of private RCHDs which have joined the BPS are non-bought place residents, the RCHDs would have to increase the home fees in order to cover the additional costs.

Hence, I think the Government must deal with this problem. Otherwise, a crisis may occur. After the passage of the Regulation today, there will be a grace period of 18 months to 36 months. What will the Government do when private RCHDs close down during the grace period? When we put this question to the Government, its answer was simple. According to the Government, the occupancy rate of private RCHDs is about 60% now, and 40% of care places are still available. In case of closure of any private RCHDs, the residents can be absorbed by those 40% capacity. However, as I have just mentioned, the space standard per capita of private RCHDs is about 3.5 sq m to 4 sq m now. When the space standard per capita is increased to 6.5 sq m in future, no spaces will be available to absorb the decanted residents because private RCHDs will be 100% full after their "transformation". In the end, when some private RCHDs indicate their intention to cease operation or close down, the residents with disabilities will be pushed out to the streets eventually. I think the Government should respond later and tell us how these questions would be dealt with.

Deputy President, as the above Code of Practice is intended to regulate the service quality of private RCHDs, it will serve no purpose if no regular review is conducted by the Government to address those endless problems resulting from

social development. Therefore, I can only support the Regulation resignedly today. Why is that so? It is because the Government has yet to give us a formal reply to the many questions I have just raised. The Government only said that consideration would be made. I would be very worried if the Government cannot give us a formal reply or does not have any methods and measures to address these problems. However, if I do not support the Regulation today, no achievement will be made in terms of improving the service quality of residential care homes, which we have waited for five years. Stuck in this dilemma, I can only resign myself to supporting this Regulation. But I urge the Government not to take the issues we raise light-heartedly. Thank you, Deputy President.

MR RONNY TONG (in Cantonese): Deputy President, the Residential Care Homes (Persons with Disabilities) Regulation (the Regulation) has brought out a fundamental question, that is, whether the system of private residential care homes should exist in a capitalist society. If considered carefully, this issue is fraught with internal contradictions. The Government has all along stated that given the poor service quality of residential care homes for persons with disabilities (RCHDs), a licensing scheme should be established. However, since the voluntary registration system was introduced in 2006, the Government found that the system was ineffective and hence, it was necessary to establish a regulatory framework through legislation.

The original intent is commendable because upon the introduction of a proper licensing system, there is at least a statutory framework which can theoretically maintain the service quality of private RCHDs at an acceptable level. However, does this theory work in practice? That is exactly the question we must face. What I am saying is a question of simple logic. Discounting those persons with disabilities (PWDs) who have the financial means to take care of themselves — there are probably some relatively luxurious RCHDs in the community to cater for those PWDs who are financially self-sufficient — most PWDs in Hong Kong belong to the grass-roots level. As a number of Honourable colleagues have just mentioned, they only receive about \$5,000 Comprehensive Social Security Assistance (CSSA) payment per month. Under the actual economic environment of today, this amount of CSSA payment is hardly adequate to allow private RCHDs to run in a quasi-commercial mode.

The Government has all along maintained that private RCHDs should bear their social responsibility by providing a certain standard of service quality. While I believe most private RCHDs are not operated solely for profits, it is also not our wish to see them running in the red year after year, such that they must cease operation eventually and the residents must rely on Government resources for care services. Deputy President, that is the crux of the question. If private RCHDs cannot take care of grass-roots PWDs because of the economic environment in the community, the Government has no choice but accept all the responsibilities by increasing the subsidies provided to private RCHDs or purchasing care places, or even changing the mode of service delivery from private to public. Otherwise, it would only be the PWDs who suffer.

When the relevant legislation was introduced last year — the legislation was subsequently enacted by the Legislative Council in June — Members were caught in a dilemma. When it comes to this point, I must say that we are invariably presented with a dilemma for each and every law we pass in this Council for we know not whether we should vote for or against the legislation. Whenever a piece of legislation is put to vote, we always wonder whether we should make a decision by tossing a coin. Even deliberation all night cannot help us to decide our voting preference. It is the same for the legislation on statutory minimum wage, the legislation against racial discrimination, as well as the current Competition Bill. There is no exception when it comes to the laws relating to private RCHDs. The Government always works in a minimal fashion; some Honourable colleagues even consider its actions "too minimal". All in all, the Government is only doing some window-dressing such that endless arguments are created among Members in the Council. After spending countless energy and time on those matters, we only get the least or the most basic response from the Government.

Deputy President, it is the same with the Regulation. The Code of Practice for RCHDs issued in 2002 was quite acceptable. However, in preparation for the introduction of the licensing scheme and in order to prevent private RCHDs from closing down, the Administration issued a set of ridiculous requirements under the revised Code of Practice in 2008. The revised Code of Practice was regressive, rather than progressive. For example, as mentioned by Mr CHEUNG Kwok-che, the space standard per capita was reduced from 8 sq m to 6.5 sq m. Even for public rental housing (PRH), the space standard per capita

is some 16 sq m to 17 sq m, which is the floor area of a singleton unit in a harmony PRH block. Moreover, in terms of staffing requirements, the manning level during the morning peak period was reduced from six to three. As the reduced number of staff members are responsible for taking care of the same number of residents, including changing their clothes and feeding, how can service quality be improved?

It is the most ironic that since the voluntary registration system was introduced in 2006, only six out of 54 RCHDs have registered successfully as at 2010, while the number of private RCHDs has increased from 27 in 2006 to 54 in 2010. In other words, service standard has declined while the numbers of RCHDs as well as care places have increased. It turns out that the objective is to lower the service standard as much as possible. But that is not the end. After the implementation of the licensing scheme, the Administration plans to introduce an exemption system. That is to say, while the licensing requirements are imposed, exemptions can be granted. This situation is exactly the same as that of the Competition Bill. Even though regulation is provided under the law, exemptions can be granted. In other words, the laws can be put aside. I really see no point for Honourable colleagues to spend long hours on intense debate and arguments in this Council as to whether the legislation should be enacted because even though it is passed eventually, there is no effect at all. The exemption period is valid for 36 months. But that is not the most essential point. The problem lies with the Government's refusal to indicate for certain whether the exemption period is only valid for 36 months, or can be extended for a further 36 months, and a further 36 months. If the validity period can be extended indefinitely, RCHDs will be granted exemption indefinitely, the entire legislative framework will be meaningless. Why then do we pass this legislation after all?

I can only hope that the next-term SAR Government will not be as heartless and mean as the current-term SAR Government, and that it will deal with the problem of RCHDs squarely. At this point, if the purpose of legislation is to maintain service quality of RCHDs at a certain level, yet that level is unacceptable and may be exempted indefinitely, for what purposes are we legislating for? Perhaps, the answer is not about introducing an effective statutory licensing scheme or formulating a Code of Practice with legal backing, but reviewing whether private RCHDs should continue to exist. Why can't the Government, with its hefty fiscal reserves, shoulder the responsibility of operating RCHDs? Why is it not feasible? How many PWDs are there in

Hong Kong? Why can the Government not do something with its \$2,000-odd billion fiscal reserves? Why should a system be established arbitrarily such that the service quality of RCHDs will be lowered substantially, and cannot possibly be upgraded in the foreseeable future? Why does the Government just pass the problem to Members of the Legislative Council? What are the reasons? How much money does it want to save?

As rightly pointed out by Mr CHEUNG, as a Member of the Legislative Council, I really have no idea whether I should vote for or against the Regulation. I really have no idea what my duties are.

In June, I resignedly cast a vote of support because, as in the case of other laws, perhaps it is better that they are put into operation. I only hope that some day, or the day when universal suffrage is implemented, a more conscientious government will be formed by the Chief Executive, so that these laws will be reviewed and those unacceptable standards and requirements will be upgraded to an acceptable level. However, how long must I wait? I honestly do not know whether I can see this day in my life.

As the case of the various items of legislation I mentioned earlier, I will not cast an opposing vote today. However, I must seize this opportunity to state my strong opposition about the Government's failure to deal with the fundamental problems faced by RCHDs squarely. Moreover, the Government just pretends to be responsible by introducing this meaningless and ineffectual legislation to the Legislative Council as a cover-up.

I think the Government's actions should be condemned by Members and the RCHD sector. Thank you, Deputy President.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, I have listened very carefully to Mr Ronny TONG's speech just now. As I look at the clock, he has spent some four or five minutes talking about whether he should vote for or against the motion. Finally, he said that he would at most not vote against the motion, but refused to state his support. In addition, Mr CHEUNG Kwok-che pointed out that he was forced to resign himself to supporting the motion. Actually, their speeches reflect the minds of many Honourable colleagues. Members do not know how to deal with this kind of motions. If we vote against

them, the consequences will be serious; but if we vote for them, it does not mean that the consequences will be less serious. Therefore, we do not know how to deal with these motions. Should we vote for or against them? We are in a quandary, not knowing what to do.

Most importantly, this is not something we should do in essence. The essence of the Regulation under discussion today is about the monitoring of private residential care homes. In overseas countries, no supervision is generally required for private residential care homes because such homes are definitely better than public or subvented care homes. Hence, no monitoring is required. But the situation in Hong Kong is just the opposite, subvented care homes are better than private ones. Therefore, in the absence of other alternatives, this motion is moved to introduce a licensing scheme for residential care homes for persons with disabilities (RCHDs). This is a motion which puts the cart before the horse; that is why it is so difficult for us to make a decision.

In fact, the Government should, first of all, increase the number of public residential care homes so that grass-roots persons with disabilities (PWDs) can be taken care of, while private RCHDs can be developed into luxurious homes, just like the luxurious residential care homes for the elderly. In that case, it will be easier for Members to deal with the issue, but this is not the Government's approach. Instead, the level of care services has been constantly Although it has been mentioned in each policy address that the level of care services should be upgraded gradually, but the level of enhancement do not dovetail with the rapid development of society as a whole, hence private RCHDs continue to exist. For the sake of survival, private RCHDs can only develop in the direction of providing low-budget or low-quality care to the grassroots.

However, how much money can the grassroots afford? The amount is very small indeed, in particular when most of them are from households receiving Comprehensive Social Security Assistance (CSSA). The amount of money they can afford is even smaller. Consequently, in consideration of the home fees charged, private RCHDs would lower their service quality. Undoubtedly, the service quality of private RCHDs is far from satisfactory. Caught in this dilemma, the Government would have to impose regulation. There are no other alternatives but to impose regulation; if no regulations are imposed, the situation will worsen. However, other problems will arise after the regulation has been imposed; one of which is the effectiveness of such regulation.

Therefore, many operators of RCHDs have told us that given the Government's requirements, they would cease operation. Although we are told by the Government that this is not the case, that no RCHDs have closed down, and instead, the number of RCHDs has increased. We are uncertain about the actual situation in future, we have to wait and see.

No matter what, I think the Government cannot shirk its responsibility. This is a social responsibility. The Government should accord the caring of PWDs its top priority, and not leave the problem to the market. That is the most important principle. However, this has never been the principle upheld by the Government; its direction of work is wrong. We must resign ourselves to the fact that this is the reality of the situation. We can only make efforts in respect of the practical situation. Regarding today's motion in relation to the proposal to regulate the mode of operation of private RCHDs, I think this is what we have to accept.

However, another very important point is that in order to ensure the continued operation of private RCHDs so that PWDs can continue to live there, the Government should buy care places from private RCHDs. The buying of care places is a very important initiative. The percentage of bought places should not be 50% as proposed by the Government, but 60%, 70% or an even higher percentage. This is the only way to assist the operation of RCHDs. Otherwise, other grandiose measures are all useless because they are neither practicable nor effective. Worse still, there may be a "disservice". By "disservice", I mean the Government's regulation is so effective that private RCHDs cannot continue operation and must close down. That is the worst scenario. This is the problem I am most worried about. I think the Government must, on the premise of imposing licensing regulation on private RCHDs today, allocate additional resources to support their operation so that the problem can really be resolved.

On the other hand, Mr CHEUNG Kwok-che has repeatedly mentioned the Code of Practice. In fact, we also consider that the Code of Practice is very important, but the Government has, to date, yet to submit the Code for our perusal as only a draft version has been prepared. A number of details have not been covered in the draft version, and many amendments are required. I think the Government should not delay further because the framework without the Code of Practice is incomplete. I hope the Government will submit the Code of Practice

for our consideration as soon as possible so that the current regulation can be perfected. That is the more sensible arrangement.

Lastly, like Mr CHEUNG Kwok-che and Mr Ronny TONG, I also feel resigned, but dare not say I am in full support of the motion. That is not our usual style, but we can only adopt this attitude given the current course of Government actions.

Thank you, Deputy President.

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

MR LEE CHEUK-YAN (in Cantonese): Deputy President, as a standard practice, the Government will not thoroughly resolve a problem. The present legislative amendment well illustrates that the Government has, once again, failed to resolve the problem thoroughly. While the Government has no intention to resolve the matter thoroughly, it always makes some petty moves. Moreover, as a standard practice of the Legislative Council, Members will say, "There is nothing we can do, so we better accept the Government's proposal." The reason is that we cannot move amendments ourselves. We are not the Government, and we cannot resolve the problems thoroughly on its behalf. We do not have the capacity to resolve the matter thoroughly by the means we consider appropriate. That is the greatest difficulty faced by Members in connection with this legislative amendment. We have all along sought to regulate residential care homes for persons with disabilities (RCHDs) because if residential care homes are of poor service quality, persons with disabilities (PWDs) who suffer. We will feel sorry if we see PWDs living in RCHDs with low service standard, inferior facilities and poor environment.

However, we cannot put the blame entirely on RCHDs. Just like the problem with residential care homes for the elderly (RCHEs), most of the residents of private RCHDs are recipients of the Comprehensive Social Security Assistance (CSSA) payments. That is where the conflict lies. The financial means of CSSA recipients are of course limited, and even for those PWDs who are not CSSA recipients, they may come from low-income families with limited financial means. Given their low affordability, private RCHDs have in the past

lowered service standard affordable by the home fees charged, resulting in low service quality. The main reason is that residents can only afford a low level of home fees.

With the present proposal for regulating service quality, private RCHDs would of course increase their home fees, or as they have indicated, they would discontinue operation if higher home fees cannot be charged. As such, we are back to the old question. Can the Government bear the consequences should private RCHDs close down? The answer is that it cannot bear the consequences. On the other hand, if private RCHDs increase their home fees, it means that poor PWDs will be thrown out into the streets. That must not happen. Therefore, we are back to the conflict. How can the conflict be resolved? How can it be resolved thoroughly? In fact, the problem can be resolved thoroughly, yet the Government is unwilling to do so. From the onset, the Government is clearly aware that the problem lies with the inadequate supply of subsidized residential care places. That is why the waiting time of severely disabled persons for subvented RCHDs is as long as 10-odd years. The crux of the problem is the inadequate supply of subvented RCHDs. Hence, if the Government merely seeks to regulate private RCHDs without providing more subvented RCHDs, the problem will not be resolved.

Of course, we welcome the proposal for regulation because it can improve service standard. But when we see the Government's proposals for improving standards At the meeting of the Subcommittee, we have questioned time and again why such low standards are proposed. For subvented RCHDs, the space standard per capita is 8 sq m, while under the present proposal for private RCHDs, the space standard per capita is 6.5 sq m. According to the Government, 6.5 sq m is a fair standard because the current space standard per capita is only 3 sq m to 4 sq m. As such, the Government considers that the current proposal of 6.5 sq m is already an improvement. But why then has it not thoroughly upgraded the standard to 8 sq m? That again goes back to the old question — if the standard is raised to 8 sq m, some people may say that private RCHDs would be forced to close down. That is the same logic. Even with the proposal to raise the standard to 6.5 sq m, some people still say that private RCHDs would be forced to close down. On this question about the spatial requirement of private RCHDs, we are still dissatisfied with the proposed standard and consider that it should be further improved as the current proposed standard is relatively low.

Secondly, we are dissatisfied with the working hours of the staff. We consider that from the perspective of staff members, the number of their working hours should be eight. At present, the number of working hours of subvented RCHD staff is eight. But under the proposed Code of Practice, only two shifts of workers are required. Is the two-shift system good enough? Or should a one-shift system be allowed such that the staff are required to work 24 hours a day? The two-shift system is hardly satisfactory as staff members must work 12 hours on each shift. Of course, some people may say that the problem can be resolved simply by employing staff members to work eight hours per shift. While we know that it is possible to do so, the crux is that the required standard is not eight hours. Staff members are required to work hard 12 hours per shift. How can they survive? Of course, some people may say that if staff members only work eight hours per shift, employers can hardly afford the staff cost and will have to cease operation. That again brings us back to the old question: Whenever the issue of improvement is involved, some people would say that the employers can hardly survive. If the same argument is adopted, the question will just persist.

In addition to salary, I would like to talk about staffing requirement. Regarding staffing requirement, I think we all agree that additional care should be given to severely disabled residents. What is the standard of subvented or RCHDs with "bought place"? For RCHDs with a capacity of 40 care places, it would need 19 staff members. That is the standard of subvented or RCHDs with "bought place". Under the proposed standard under discussion, RCHDs with a capacity of 40 care places would need at least about six staff members. There is a huge difference in staffing requirements, that is, the difference between 19 and six staff members. Again, the Administration told us that it was unavoidable because if the regulation is too stringent, RCHD operators will discontinue operation. That again brings us back to the old problem: If the regulation is too stringent, RCHD operators will discontinue operation; but if there is no regulation, service quality will deteriorate. By imposing over stringent regulations, there is the worry that RCHDs cannot survive. Then how can the problem be resolved? In fact, the problem is not insoluble; there are solutions to the problem. Yet it depends on whether the Government is willing to do so.

Some private RCHD operators have once presented me with an unacceptable proposal. They said to me, "LEE Cheuk-yan, will you support the importation of foreign workers?" When I asked them the reasons for seeking

my support to import foreign workers, they told me that they had difficulties in recruiting staff. I think they should rightly have difficulties in recruiting staff with their existing terms and conditions in respect of salary and working hours. But if they are unwilling to employ employees on an eight-hour shift and offer them with a reasonable salary package, the situation will be different.

I have all along considered that for an employee working an eight-hour shift in RCHEs and RCHDs, a monthly salary of \$10,000 is not excessive, but very reasonable. For an eight-hour shift, the monthly salary must be over \$10,000 before the position is attractive enough for job-seekers. This should be the salary level they rightly deserve for their hard work.

Hence, if minimum wages were to be set for the trades, I think the minimum wage for workers in this trade on an eight-hour shift should at least be \$10,000 a month. However, we no longer have such legislation. Furthermore, private RCHD operators have also indicated that they can hardly afford this level of wages and hence, they seek to import foreign workers.

What I want to say is that they can hardly afford this level of wages. This again brings us back to the old question. The Government has not provided an adequate supply of subvented RCHDs, whereas PWDs with limited financial means and affordability, as well as those who rely on CSSA payments for home fees cannot afford to pay a high level of home fees. In that case, this problem will never be resolved. Then it comes back to the old question I repeated time and again just now. Why does the Government not resolve this problem thoroughly?

What is the thorough solution to the problem? It is not the offer of a residential care services allowance as suggested by RCHDs. I think the problem can only be resolved thoroughly by putting all private residential care places under the Bought Place Scheme (BPS). The Government should purchase all private residential care places. In particular, the bought places should be offered to PWDs with limited financial means. When all private residential care places are put under the BPS, private RCHDs should operate at a level commensurate with the purchase price. In that case, their operation will improve with higher staffing requirement, reduced number of working hours for staff members, better service provision and larger living space for the residents. However, the Government is not willing to do so. It just told us, "Care places have been

bought." However, only a limited number of places would be brought by phases. What is the use of purchasing a limited number of places by phases?

At present, some 2 000 places are provided in 70 private RCHDs. It will be meaningless if the Government does not buy all these 2 000 places. In particular, if the Government buys these 2 000 places If private RCHDs consider that they can maintain its operation, they can refuse to sell the places to the Government, they can rightly do so.

However, out of these 2 000 places, the Government should know how many places are taken up by PWDs with limited financial means. If 80% of the residents are those with limited financial means, that is, they take up 1 600 places, the Government should purchase these 1 600 places in one go. Why can the Government not resolve the problem thoroughly? The Government is not lacking in financial resources as there is a hefty reserve in the public coffers. Why can the Government not give PWDs better treatment?

Our discussion started from the relevant bill to the present amended regulation, which has spanned over one year. Yet, we always discuss the same issue over and again without any thorough solution. However, the bought place option can resolve the problem thoroughly with higher service quality, improved staffing requirement, as well as reduced number of working hours for staff members.

Speaking of working hours, I want to raise a point about the lack of proper monitoring by the Government. As the purchase price of the BPS was based on a formula, I once asked the Secretary how the purchase price was calculated. It turns out that the Government has based its calculations on an eight-hour shift for all staff members of private RCHDs. But all officials who attended the meetings of the Legislative Council told us that there was practically no monitoring by the Government as to whether the RCHDs have adopted the eight-hour shift system.

When calculating the subsidies to be provided for bought places, the Government has used the eight-hour shift system as a factor. Yet the RCHDs require their staff members to work 10 hours or 12 hours a shift, and the Government has paid no attention at all. Hence, the eight-hour shift system is merely an armchair strategy, or a factor in calculating the amount of subsidies.

It does not matter even if part of the subsidies has been divested. Ultimately, the burden is borne by workers as they are the ones who suffer. Do you consider it fair? Why can the Government not accord fair treatment to our workers? If the Government has made its calculations on the basis of an eight-hour shift system, it should monitor whether the RCHDs have employed their staff members on the basis of an eight-hour shift system because that is the factor used by the Government in its calculations.

If the RCHDs indicate that it is impractical to adopt an eight-hour shift system as the basis of calculation, or else they may not survive, does it mean that there are problems with the Government's calculations? Is that really so? If the Government insists that its calculations are correct, it must then compel the RCHDs to employ their staff on the basis of an eight-hour shift system. The Government must choose between the two, either its calculations are erroneous — in that case, I will help the Government negotiate with the RCHDs; or if it insists that the calculations are correct, then I implore the Government to strictly enforce the rule so that RCHDs must employ their staff on the basis of an eight-hour shift system. However, nothing has been done eventually and no actions have been taken by the Government eventually. As always, the Government just deals with the matter half-heartedly, and that is the saddest thing.

Therefore, Deputy President, from the bottom of our hearts, we hope that PWDs would be provided with a larger living space so that they enjoy living in RCHDs. That is our aim. Regrettably, no positive response is forthcoming from the Government to date. As usual, the Government just makes petty moves, rather than resolving the problem thoroughly. We will never understand why we cannot achieve the things we want. Even now, we are still clueless because it is not a matter about money.

Of course, the Secretary will surely talk about his good intention later. But I implore the Secretary to take practical actions to back up your good intention. We really want to see some real changes. Thank you, Deputy President.

MS CYD HO (in Cantonese): Many Members who speak on this motion are sitting at the back of the Chamber. That is quite understandable because only

the several Members belonging to the preparatory committee of the Labour Party have all along been involved in the scrutiny process, albeit the principal Ordinance or the Code of Practice. Nonetheless, it is very clear that no matter it is the current legislation about residential care homes for persons with disabilities (RCHDs), the legislation on residential care homes for the elderly, or even the legislation on the regulation of drug treatment centres which was enacted in 2004, the issue at stake is not only about law, but also money.

Persons in need of RCHD services mostly come from grass-roots and poor families. If the Government merely wants to improve the services and standard of RCHDs through legislation, without allocating additional resources, this approach is hardly viable because even legislation will not make money fall from the sky. Private RCHDs will not increase the space standard per capita to 8 sq m because rental in urban areas is extremely expensive. Notwithstanding the enactment of the legislation, private RCHDs will not become wealthy all of a sudden such that their staffing establishment can be increased from two shifts to three shifts because additional operating costs are required. Therefore, if the Government merely wants to improve service quality through legislation, without providing subsidies for bought places, or increasing the number of care places in public RCHDs at its own initiative, there is simply no way to resolve these problems.

Let us consider the consequences brought by the legislation in relation to drug treatment centres enacted in 2004. Under the original proposal, the transitional period lasted for three years. Yet it lasts for three years after three years, and another three years because of the lack of resources. Therefore, after the enactment of the legislation, the Government has been acting like an ostrich. When the treatment centres have yet to attain the required standard, the Government just keeps on exercising its discretion to extend the transitional period. Indeed, the Government dares not close down private RCHDs because once they cease operation, there are simply not enough bed spaces and residential care home spaces in the public sector to accommodate the decanted RCHD residents. Therefore, the Government has not adopted this approach. Instead, it just wants to squeeze money out of the people's pocket, no matter how meagre that is, through legislation. This simply does not work as the grassroots of Hong Kong are like rocks from which no blood can be extracted.

Even if private RCHDs increase their home fees, user families may not necessarily be able to afford the higher expenses. They must rely on additional subsidies provided by the Government in the form of bought places. RCHDs must have resources before they can upgrade their service quality. For instance, why do we say each resident needs 8 sq m? That is because without such provision, the space between two beds is not big enough to accommodate two staff members assisting a wheelchair bound resident to pass through and then lift him to bed safely. Under the present proposal of the Government, no matter it is 5.5 sq m or 6.5 sq m, this area is not just the space to be used solely by a resident, it also includes the space for various activities such as taking a rest or meals, going to toilet, and so on. When such a low standard is set, it is like trimming the foot to suit the shoe. It is actually meaningless to enact this legislation because firstly, the Government dares not raise the standard; secondly, even if some RCHDs cannot meet the standard, no assistance will be provided by the Government; hence, the Government dares not stringently enforce the legislation or close down the sub-standard RCHDs for it would need to identify other RCHDs to accommodate the decanted residents.

Deputy President, the similar situation in fact exists for "sub-divided units" and public rental housing. As we all know, "sub-divided units" present great safety risks as fire escapes are obstructed. Yet the Government hides behind the excuse of staff shortage and dares not enforce the law. But when a fire broke out, it came out immediately to state its views. However, no matter what enforcement actions are taken by the Government, it invariably hinges on resources. If the Government has not allocated adequate resources to take care of the poor families, such as making arrangements for drug treatment, retirement protection, and the accommodation for persons with disabilities, no practical result will be achieved no matter how high the standard is raised by the Government. Or else, some sub-standard RCHDs will be forced to continue operation. In that case, the Government will stick to its ostrich policy and bury its head in the sand.

Deputy President, although we must resignedly raise no objection to the passage of this legislation, I would implore the Government to deal with the problem squarely by allocating adequate resources from its "overflowing" public coffers to improve the situation. Thank you, Deputy President.

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

(No Member indicated a wish to speak)

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I thank the seven Honourable Members who spoke just now and gave us their invaluable views on the licensing scheme for residential care homes for persons with disabilities (RCHDs), including various statutory requirements and complementary measures, support measures for RCHD residents and operators, and so on. I would now respond to the concerns raised by Members specifically.

First of all, I would like to stress that the Government fully understands the increasing demand for residential care services for persons with disabilities (PWDs) in the community. We also share the grave concern of the public about the development of residential care services for PWDs. We have all along adopted a three-pronged approach in accordance with the development strategy set out under the Hong Kong Rehabilitation Programme Plan to promote the provision of various types of residential care services for PWDs by subvented, self-financed and private RCHDs.

Under the first prong, we have been increasing the number of care places in subvented RCHDs continuously. In the current financial year, the Government has already provided 11 682 subsidized residential care places for PWDs, with a total expenditure of \$1.24 billion. Compared with number of 6 400 in 1997, there has been a staggering increase of 83%. Over the past two years, the Government has provided 1 046 additional care places. In the next five years, we have already earmarked suitable sites in a number of development projects to provide some 1 000 additional care places. We will strive continuously to identify more suitable sites so that more service quotas can be provided.

Under the second prong, we have all along supported non-governmental organizations to develop self-financing RCHDs which can provide high-quality and diversified residential care services for PWDs, and help alleviate the waitlisting situation of subsidized residential care places.

Under the third prong, we have been proactively taking forward the legislation and other preparatory work for establishing a statutory licensing scheme for RCHDs. By regulating these RCHDs, the service quality can be ensured on the one hand, and we can help the market develop residential care homes of different types and operational modes on the other, so that PWDs will be provided with more service choices.

Today marks an important milestone in the course towards the implementation of a statutory licensing scheme for RCHDs. Upon the passage of these two items of subsidiary legislation, the Residential Care Homes (Persons with Disabilities) Ordinance (the Ordinance) and its subsidiary legislation will come into operation next week on 18 November. The Director of Social Welfare will immediately thereafter exercise his powers conferred under the Ordinance to issue the Code of Practice. By then, the licensing system for RCHDs will formally come into operation.

During the scrutiny of these two items of subsidiary legislation, some Members expressed concern that the operating costs of RCHDs might increase after the implementation of the licensing scheme, as a matter of fact, this point has also been mentioned by some Honourable Members just now. As a result of the operational difficulties of RCHDs, the residents would be affected as they might have to be decanted in the event of closure of RCHDs. Some Members also worried that private RCHDs would increase their home fees as a result of the upgraded service standards, as well as soaring rentals and staff costs. They thus suggested that the Government should provide an allowance for residential care services to private RCHD residents who receive Comprehensive Social Security Assistance (CSSA) so as to relieve their financial burden.

Just like Honourable Members, we attach great importance to the well-being of RCHD residents. We have all along closely monitored the operation of private RCHD market. According to the information provided by the Social Welfare Department (SWD), there were a total of 58 private RCHDs in the territory in June 2010 when the Residential Care Homes (Persons with Disabilities) Bill was presented to the Legislative Council. During the one-year

period from June 2010 to June 2011, the number of private RCHDs has increased to 74, representing an increase of 28%. The number of care places has also increased from 3 000-odd to 3 800-odd. We also notice the trend of steady increase over the past few years both in the number and capacity of private RCHDs, with an average increase of over 20% per annum. From these data, we can see that there is still room for development in the private RCHD market. Our estimate is that even if some private RCHDs should close down due to various reasons, the private market still has the capacity to absorb the decanted residents. Where necessary, the SWD will arrange relevant casework units to provide assistance to individual affected residents and their families, so that welfare plans can be drawn up through consultation to deal with the specific problems of the affected residents, such as providing alternative placement or support services.

The Government is also aware that many private RCHD residents are CSSA recipients. Generally speaking, the CSSA Scheme has already taken into account the special needs of PWDs. For example, higher standard CSSA payment rates are payable to recipients with disabilities, and they also eligible for other special allowances and supplements. They are also eligible for a monthly rent allowance which can be used for payment of home fees.

The CSSA standard rates will also be adjusted according to changes in the Social Security Assistance Index of Prices (SSAIP). Having obtained the approval of the Finance Committee of the Legislative Council, the SWD has in fact increased the standard payment rates under the CSSA Scheme and the rates of Old Age Allowance and Disability Allowance under the Social Security Allowance Scheme by 3.4%, as from 1 February this year. In fact, Members may have noticed from the discussion paper we submitted to the Panel on Welfare Services for its meeting next week that according to our estimation, the relevant rates will increase by at least 4.8% on 1 February next year. If the SSAIP data for October are also taken into account, the rate of increase may be even higher. Separately, in order to enhance the support for CSSA recipients in ill-health or with disabilities, the SWD has, since 1 August this year, increased the standard rates under the CSSA Scheme for adult recipients aged below 60 in ill-health and with disabilities. With the implementation of this new arrangement, the standard CSSA rates for adult recipients with disabilities have increased by as much as 14% to 22% when compared with last year.

Moreover, the Chief Executive has already pledged in this year's Policy Address that a new Residential Care Supplement of \$250 per month will be introduced under the CSSA Scheme for elderly recipients as well as recipients with disabilities who occupy non-subsidized residential care places. All these measures can help the residents meet the burden of home fees.

In order to assist the stable development of the private market, the Administration has also introduced various complementary measures. In October last year, the SWD has introduced the pilot Bought Place Scheme (BPS) in order to encourage private RCHDs to upgrade their service standards and increase the supply of subsidized care places so as to improve the waitlisting situation and help the market develop more service options. Under the BPS to be implemented in two phases, a total of 300 RCHD places will be purchased. We expect that 100 places will first be purchased in the first phase, with the rest in the second phase.

Taking into account the feedback from users, the quality and quantity of care places provided by private RCHDs, the response from stakeholders, and so on, the SWD will review the pilot BPS, and when necessary, adjust the target of the scheme and the number of places to be bought, as well as refine the operational details such as the purchase prices. Subject to positive response and an adequate supply of quality care places in the market, the Government will definitely consider increasing the number of places to be bought.

Moreover, the SWD will implement the Financial Assistance Scheme as soon as possible upon the commencement of the Ordinance to provide subsidies for private RCHDs to carry out improvement works on building and fire safety for compliance with the licensing requirements.

As I mentioned earlier, there would be a grace period of 18 months starting from the commencement of the Ordinance to allow time for individual RCHDs to put in place suitable arrangements for application for a new licence or a Certificate of Exemption. Members are also gravely concerned about the statutory spatial and staffing requirements. We can fully understand Members' wish to see further improvements in terms of service quality of RCHDs. That is also the Government's long-term objective.

The current licensing requirements stipulated under the law have been formulated after extensive public consultation, while balancing the views of all sides and taking into account the enforceability of the licensing scheme. If more stringent requirements are further imposed, honestly, many private RCHDs may close down as they cannot meet the statutory standards, resulting in problems concerning decanting arrangements. Ultimately, it is the RCHD residents who suffer. Therefore, we must proceed in a cautious manner. In fact, the licensing requirements are only a set of basic standards; RCHDs participating in the pilot BPS must meet higher standards. I would like to stress that the current arrangement is practical as a starting point. On the one hand, it can ensure that private RCHDs will meet an acceptable standard with as little impact as possible on the current users, and on the other, service quality can be further enhanced through the pilot BPS.

Some Members worried that if the RCHD sector cannot adapt to the new licensing scheme, some RCHDs may close down. Hence, they called on the Government to closely monitor the market situations after the implementation of the licensing scheme, as well as strengthen the support for residents and the RCHDs.

Likewise, we fully understand these concerns. As a matter of fact, the licensing scheme for RCHDs is a new system. With neither any practical experience nor actual business operational data, the impact of the new system on the actual operation of RCHDs remains to be observed. During the 18-month grace period, we will closely monitor the implementation of the licensing scheme and the complementary measures. When necessary, we will fine tune the operation of various measures so as to provide appropriate assistance to the residents and RCHDs to ensure the well-being of persons with disabilities on the one hand, and assist healthy market development on the other.

Furthermore, in response to the request of the Subcommittee, the Government will report to the Panel on Welfare Services on the implementation of the licensing scheme and the related complementary measures six months after the commencement of the licensing scheme.

Deputy President, I would like to take the opportunity to thank again Mr WONG Sing-chi, the Chairman, and nine other members of the Subcommittee for

their efforts in scrutinizing the Residential Care Homes (Persons with Disabilities) Regulation. I also extend my heartfelt thanks to the Legislative Council, the Rehabilitation Advisory Committee, the rehabilitation sector, parent groups, persons with disabilities groups, operators of RCHDs, and so on, for their support on the implementation of the licensing scheme, as well as the many useful views they provided throughout the entire legislative and preparatory process of the licensing scheme. In the course of discussion, persons from various sectors have expressed their demands rationally while respecting the different views of others so as to forge a consensus in a pragmatic manner. As a result, the licensing scheme for RCHDs can be implemented smoothly. Once again, I must express my deepest respect and gratitude to all the participants. From now on, the Government will of course closely and continuously monitor the implementation of the licensing scheme to ensure its effective operation. We will continue to introduce effective complementary measures so that the service quality of RCHDs will be enhanced further. It is our hope that residential care services for persons with disabilities will develop progressively so that excellent services can be provided to the users.

Deputy President, I so submit. Thank you.

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Labour and Welfare be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

DEPUTY PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Securities and Futures (Professional Investor) (Amendment) Rules 2011.

I now call upon Mr CHAN Kam-lam to speak and move the motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR CHAN KAM-LAM (in Cantonese): Deputy President, at the meeting of the House Committee on 21 October 2011, Members agreed to form a subcommittee to study the Securities and Futures (Professional Investor) (Amendment) Rules 2011.

The Subcommittee has held two meetings so far, including a public hearing to receive views from members of the public and stakeholders. In order to allow more time for the Subcommittee to proceed with its deliberation, I move a motion in my capacity as Chairman of the Subcommittee to extend the scrutiny period of this item of subsidiary legislation to 30 November 2011.

Deputy President, the motion has been set out in the Agenda. I implore Member to support the motion. Thank you.

Mr CHAN Kam-lam moved the following motion:

"RESOLVED that in relation to the Securities and Futures (Professional Investor) (Amendment) Rules 2011, published in the Gazette as Legal Notice No. 135 of 2011, and laid on the table of the Legislative Council on 12 October 2011, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 30 November 2011."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr CHAN Kam-lam be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

DEPUTY PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of motions each may speak, including reply, for up to 15 minutes, and have another five minutes to speak on the amendments; the movers of amendments each may speak for up to 10 minutes; and other Members each may speak for up to seven minutes. I am obliged to direct any Member speaking in excess of the specified time to discontinue.

DEPUTY PRESIDENT (in Cantonese): First motion: Assisting the public in coping with economic fluctuations.

Members who wish to speak in the debate on the motion will please press the "Request to speak" button.

I now call upon Dr Philip WONG to speak and move the motion.

ASSISTING THE PUBLIC IN COPING WITH ECONOMIC FLUCTUATIONS

DR PHILIP WONG (in Cantonese): Deputy President, I move that the motion, as printed on the Agenda, be passed.

Last month, the Chief Executive mentioned in the Policy Address that "Our economy will face greater downside risks next year. We must brace ourselves for this and keep a close watch on changes in the external environment. We will pay particular attention to the difficulties of small and medium enterprises (SMEs) and introduce necessary measures to tide them over". I cannot agree more.

The motion that I am moving today will respond to the above viewpoint in the Policy Address, and the wordings of my motion are "That, given the uncertain prospects of the global economy, this Council urges the Government to closely monitor the economic situation and adopt suitable and effective measures to assist people from different strata and enterprises in coping with difficulties such as inflation and employment, and so on, so that they can tide over the difficult times".

Deputy President, my worry is that there will be uncertainties in the global economy from 2012 to 2013. For example, the European debt crisis, which lasts for an extended period with many twists and turns, may even become another "time bomb" for the global economy; the recently emerged Arab Spring has spread rapidly in North Africa and the Middle East; the economy in Japan has been hit hard after disasters such as the earthquake. In addition, the financial and fiscal problems in the United States are worsening, there is a lack of strength

for recovery; the upcoming president election will exacerbate the global economic turmoil and the threat of recession may emerge again.

We hope that the sky in Europe will clear after the rain, and Euro will restructure. However, I think the disruption of the European debt crisis on the global economy may be greater than what investors have expected. Even if there is a temporary relief, the situation remains messy and every step may be startling. Greece has exploited the issues of holding a referendum and withdrawing from the eurozone to stir up trouble and has stabbed the European Union at its back. Greece's move to call for a referendum at one time, and call off the referendum at another time has caused great market volatility; investors suffered losses and there is a significant increase in business risks. The European debt crisis involves as many as 17 countries, and MF Global, a trader of the United States futures, had gone bankrupt because of the crisis; it is the biggest financial institution to wind up after the Lehman Brothers incident. Given Hong Kong's high degree of external economic orientation which is free and open, coupled with the sensitive period of the changing of the Chief Executive as well as the volatility of the external environment, investors would certainly get nervous and worry about the onset of another wave of financial crisis.

Deputy President, in my view, SMEs in Hong Kong will face unprecedented financial and economic challenges this year and the next, which include global economic contraction, credit crunch, sales slump, rising rents, unpredictable prices of raw materials, labour shortage, rising wages, appreciation or fluctuating movement of Renminbi (RMB) and other major currencies, economic downturn in various places, as well as higher risks for the counterparts due to market consolidation, and so on. Foreign trade-related enterprises will bear the brunt and the values of goods exported to Europe, the United States, Japan and the Mainland will drop, dragging down our overall economic growth. Under such circumstances, I notice that some enterprises have suddenly closed down and the needs for debt refinancing or financing have increased. I believe this tendency will remain in the next few quarters and there will be greater challenges.

The following situation warrants our attention. I understand that tens of thousands of Hong Kong-invested enterprises in the Pearl River Delta Region had a hard time in the past few years. Following the elimination of 3 000 to 4 000

enterprises during the 2008 financial turmoil, quite a number of Hong Kong-invested enterprises have recently been battling a new wave of storm caused by recruitment difficulties, difficulties in obtaining credits, RMB appreciation, rising raw material costs and reduced purchase orders from Europe and the United States. Various industries have been affected, including the manufacturing and processing industries. In response to the plight, these enterprises must make every effort to cut costs and get more purchase orders. In view of the decreasing orders for exports, they have to consider developing the domestic sales market, but the procedures are complicated and various taxes are imposed. If the dilemma is unresolved, some Hong Kong-invested enterprises may have to stop production or even close down by the end of this year or early next year.

Friends from the financial sector have told me that problems in our financial markets have not been restrained after the financial tsunami. At present, there is a surge in low-commission derivative speculation activities and there are many columns in the media which recommend stocks, with little education offered to investors. Retail investors have become dependent, trusting to luck, greedy and speculative; and the so-called fast-food culture or casino culture has been formed. Many people have fallen into the trap and can hardly get themselves out. My friends are worried that the European debt crisis may be more difficult to handle than the financial turmoil. Some financial institutions in the United States may, like the MF Global, misappropriate client funds for speculation on European debts which may lead them to a dead end. More financial institutions may have problems in future.

I think the financial markets (including the stock and property markets) must be fair, just and open, so that investors will not be tempted to make wrong investment decisions when the disclosure of information is not transparent or if they are pressed to make hasty decisions. A responsible government should review on these situations and the review may be beneficial to those decent business operators. Although the MF Global incident may not be as serious as the Lehman Brothers incident, in order to prevent the recurrence of the Lehman Brothers incident, protect the interests of investors and reduce the losses that may suffer by the public, I hope the SAR Government would not take the European debt crisis lightly. The Government should learn a lesson from the winding-up of Lehman Brothers and MF Global, maintain good vigilance and strengthen the

regulation of financial institutions. For instance, it should strictly examine the financing functions of listed companies, tighten regulation on derivative sales, improve accounting reporting, and strengthen restrictions on short selling activities, and so on.

Deputy President, at the meeting on 26 October, I pointed out that the Government should consider how to make effective use of the opportunities for Hong Kong under the National 12th Five-Year Plan, implement the various measures in support of Hong Kong by the Central as announced by Vice Premier LI Keqiang during his visit to Hong Kong, as well as devise and introduce more measures to stimulate sustainable economic development in Hong Kong. These measures should include the development and use of more land for building additional Home Ownership Scheme flats and public rental housing units, so that the economic activities and living conditions of the people will not be affected due to the shortage of land and increases in rental. Furthermore, the Government should enhance the support for the six industries where we enjoy clear advantages, as well as the assistance to SMEs; it should invest more resources in areas such as education, healthcare, the elderly and the youth. I also mentioned that the depreciation of the United States dollar has resulted in higher export prices and higher inflation rate, thereby directly affecting our economy and people's livelihood, and enhancing the operation difficulties of SMEs. I propose that the Government should draw on collective wisdom and take precautionary actions to do something worthwhile. It should work from strength to strength, formulate long-term plans and take effective measures.

At the motion debate last Wednesday (2 November), Mr LAU Kong-wah moved a motion on "Alleviating the financial burden of middle-class people". It contains some specific and detailed measures that the Government should adequately consider because the information grasped by Members may not be very comprehensive. I hope the Government and the future Chief Executive would extend the targets of alleviating the financial burden from middle-class families to people from various strata and SMEs, because the economic hardships have different impacts on people from different strata and sectors. For the Budget next year, I urge the Government to comply with the general requirements of the Central Authorities on Hong Kong and take appropriate and effective measures to assist people from various strata and sectors, especially the middle class and SMEs, in dealing with issues such as inflation, employment, credit and

development of the Mainland market. I hope this would turn crises into opportunities, bring order out of chaos, and try by all means to reduce the impacts of the economic downturn in Europe and the United States on the public and enterprises.

Deputy President, I so submit.

Dr Philip WONG moved the following motion: (Translation)

"That, given the uncertain prospects of the global economy, this Council urges the Government to closely monitor the economic situation and adopt suitable and effective measures to assist people from different strata and enterprises in coping with difficulties such as inflation and employment, etc., so that they can tide over the difficult times."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr Philip WONG be passed.

DEPUTY PRESIDENT (in Cantonese): Three Members will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the three amendments.

I will first call upon Mr WONG Sing-chi to speak, to be followed by Dr PAN Pey-chyou and Miss Tanya CHAN respectively; but they may not move the amendments at this stage.

MR WONG SING-CHI (in Cantonese): Deputy President, the Democratic Party supports the motion on "Assisting the public in coping with economic fluctuations" moved by Dr Philip WONG today. We also support the amendments of Dr PAN Pey-chyou and Miss Tanya CHAN.

I have added to the original motion of Dr Philip WONG measures to help Comprehensive Social Security Assistance (CSSA) recipients affected by inflation, that is, "..... to review the existing CSSA system, including shortening

the interval of each adjustment cycle of CSSA, with special focus on rent allowance, so as to reflect more accurately the impact of price changes on CSSA recipients, and expeditiously reviewing the adequacy of the CSSA standard payment rates as well as the items to be included in the Social Security Assistance Index of Prices".

Deputy President, the surging inflation and soaring prices in Hong Kong have put heavy burdens on the public, including CSSA recipients. According to the Government, the CSSA standard rates will be reviewed once a year to reflect more accurately the impacts of price movements on CSSA recipients. Besides regularly monitoring movements in the Social Security Assistance Index of Prices (SSAIP), the Government also updates the SSAIP weighting once every five years according to the result of the CSSA Household Expenditure Survey.

In fact, an interval of five years is rather long and we often fail to respond timely to the impacts of inflation on CSSA recipients. According to government information, in the year 2010-2011, there are 22 943 CSSA cases involving private housing residents receiving rent allowance, but the rent level is actually higher than the maximum rent allowance. In other words, they have to spend the remaining CSSA payment on housing after they have met their food and living expenses. Thus, life is even harder.

We are dissatisfied that the Government is not willing to comprehensively review the CSSA system. To ensure that the CSSA standard rate can meet the living expenses of CSSA households, we urge the Government to review the goods and services covered by the SSAIP and update the CSSA household spending patterns in relation to indispensable items.

Dr PAN Pey-chyou's amendment contains a few proposals concerning people's livelihood. The Democratic Party thinks that the Government can be more proactive and aggressive in this connection.

Although the unemployment rate in Hong Kong has remained at a relatively low level in the past few years, global economic uncertainties and external problems such as European debts will probably impede the pace of economic growth in Hong Kong.

Therefore, the Democratic Party considers that the Government should plan for a rainy day at this stage when the local economy and the labour market are relatively stable. It should start thinking of ways to preserve employment, and take bold measures to safeguard workers' interests, so that we can have greater confidence in facing economic changes in the short and medium term.

Regarding the review cycle of the statutory minimum wage level, the Democratic Party opines that the Government should expeditiously review the statutory minimum wage level, so as to help grass-roots workers cope with inflation. We think the Government should at least review the statutory minimum wage level once a year. As we all know, civil servants serving Hong Kong people have a salary review each year. The annual salary review of civil servants indicates that the economic data and statistics are available to tie in with the review cycle.

Furthermore, we only ask for a "review" of the statutory minimum wage level, why can't the Government assure wage earners that they can assess for themselves each year whether the statutory minimum wage level are enough for them to maintain a living? We hope that the Government would wake up to reality and be accountable to all grass-roots employees.

The small and medium enterprises (SMEs) in Hong Kong are facing great difficulties now. First, for SMEs with principal business operations in Hong Kong, the soaring rents affect them most.

According to the survey conducted by the Hong Kong Catholic Commission for Labour Affairs, the implementation of the statutory minimum wage level has not substantially increased the operating costs of SMEs or caused mass layoffs. Notwithstanding, rent increase has caused heavy financial burdens on SMEs. Most traders interviewed expressed dissatisfaction with rent increase and considered that high rental was the principal factor causing operational difficulties.

Some employers have said that rent increase can directly lead to winding up of business. According to the survey, 80% of SMEs operating in shopping centres revealed that rents accounted for the largest portion of operating costs. Only 14% and 6% of traders respectively remarked that employees' wages and raw material costs accounted for the largest portion of operating costs (the traders

interviewed might be the owners of the shops). Quite a few traders remarked that operational difficulties were caused by high rents.

Hong Kong enterprises with factories in the Mainland are also facing pressure from all fronts and their operating environment is really difficult. In the past few years, the appreciation of Renminbi has led to rising wages, as well as higher production costs and raw material prices. Even though large Hong Kong-invested enterprises have raised the prices of their products, it still fails to fully offset the pressure of increasing costs. Even large corporations have great difficulties, let alone SMEs, the operation conditions of which are worse than that in 2008 during the financial turmoil.

Recently, owing to the unfavourable economic performance of the United States and Europe, orders from these countries have been on the decrease. Seeing that manufacturers are eager to get orders, some European and United States buyers have induced manufacturers to sign contracts with unequal terms, specifying that manufacturers must use the transportation companies hired by the buyers for shipment.

When the goods reach the destination ports, buyers will use all kinds of excuses to make things difficult for the manufacturers, and they may even pick up the goods before paying the outstanding amount. Manufacturers involved in domestic sales on the Mainland are also facing similar problems.

Some Mainland retailers, learning that Hong Kong-invested enterprises are urgently exploring domestic sales channels to make up for the shrinking European and United States markets, have induced Hong Kong businessmen to sign unequal contracts and refused to pay the outstanding amount of goods purchased.

In my view, the Government must have foresight and monitor closely the development of the situation, so as to prepare for the worst at any time. The Government can provide local enterprises with timely help, as "distant water that cannot distinguish nearby fire".

Therefore, I support the three proposals in Miss Tanya CHAN's amendment, including providing loan guarantee to SMEs, maintaining the stability of the banking system and the financial market and helping SMEs develop emerging markets.

I hope Honourable colleagues would support the amendments moved by the Democratic Party. We notice that not only the business sector and the middle class need assistance, CSSA recipients and people in poverty bear the brunt in the face of economic changes, and they are hard hit.

I so submit.

DR PAN PEY-CHYOU (in Cantonese): Deputy President, the global economy is now highly fluctuating, and looking ahead, the United States and European economies will be crisis-ridden in the coming year. In Europe, the debt situation of many countries is extremely precarious and the economies may collapse at any time, causing concerns that the whole Europe will fall like dominos and thereby, leading to the disintegration of the Euro. The United States federal government and local governments are so heavily indebted that the property markets are sluggish and unemployment rates are persistently at a high level. The real economy is in the doldrums, causing worries that the Mainland's export sector may shrivel, and our economy, which is very closely connected with the Mainland economy, will be adversely affected. It is very likely that the unemployment rate will rise next year. Actually, the worldwide banking sectors have recently laid off many employees, and recruitment has slowed down. Next year will be the election year in the United States, and in order to paint a rosy picture, the government will inevitably implement a lenient monetary policy. If that is the case, inflation in Hong Kong will certainly surge as we are subject to the linked exchange rate. Hence, wage earners may on the one hand, have difficulties in finding a job in 2012 and have to cope with rising prices on the other.

Speaking of inflation, data show that the basic inflation rate in Hong Kong in September this year was 6.4%; the inflation rate of food and rent was even 7.8% even 9%. Although a local organization estimates an average wage increase of 4.2% for wage earners, the rate of increase lags far behind inflation. The situation may become even worse next year. Wages of workers will continue to be eroded by inflation and the grassroots will be in dire straits. Many people thus hope that the Government would help to alleviate people's pressure from inflation.

It is not unreasonable for people to have expectations of the Government. Last week, an accounting firm estimated that the Government would have a surplus of \$28.1 billion this financial year, six times more than the \$3.9 billion as estimated by the Financial Secretary when he announced the Budget early this year. The Hong Kong Monetary Authority has also announced recently that the official foreign currency reserve assets were US\$281.7 billion at the end of October.

Given the huge reserves, the Government actually has the means to help the public cope with the impacts of economic fluctuations. Thus, the Hong Kong Federation of Trade Unions (FTU) proposes that assistance should be provided to the grassroots in three directions. First, practical relief measures should be implemented, which include introducing a "monthly ticket scheme for all types of transport", reducing the salaries tax, reducing and freezing various government charges related to people's livelihood, such as public rental housing rents, rents of market stalls under the Food and Environmental Hygiene Department, as well as increasing the amount of Elderly Healthcare Vouchers to \$1,000 and expanding the scope of its application, and so on. All these measures can help alleviate inflation pressure on the public and improve their livelihood. As some of these relief measures have been discussed in this Council and a number of measures have been adopted by the Government, I will not discuss them in great length now.

The second direction to help the public is to adjust our industrial structure. At present, our economic structure mainly relies on the support of the four major economic pillars, including the financial, trade and logistics sectors, with the financial sector being the strongest pillar. Of course, all these sectors are very important to Hong Kong and they have really provided many employment opportunities to wage earners. However, all of us have heard of the lesson that we should not put all eggs in one basket. I believe we all remember that, following the outbreak of the financial turmoil at the end of 2008, the financial, shipping and other industries were in the doldrums and the situation was really sad. The Government established the Task Force on Economic Challenges at that time, and decided to develop the six industries where we enjoy clear advantages, namely, medical services, innovation and technology, education, testing and certification and environmental protection industries. The FTU has always supported the development of the six industries. When I spoke on the Budget early this year, I pointed out that developing the six industries could

broaden the economic base and reduced the proportion and importance of the traditional four pillar industries in the economy as a whole. These industries could also create a large number of quality jobs for young people, as well as room for starting a business.

Nevertheless, as the years pass by, the Government is omnipotent in its words but weak in taking actions. Almost three years have passed, what is the progress of development of the six industries? I believe the situation is obvious to all. The Government is somewhat like a gambler who made various promises when being hard pressed by debt collectors, he would promise earnestly to turn over a new leaf, but after his relatives have repaid the debt for him, he completely forgets about his promises. In end-2008, seeing that the distinguished financial sector was in a precarious state, the Government proposed the six industries in the moment of desperation. When the financial sector stabilized after the United States had implemented the quantitative easing policies, the Government was complacent and forgot about the six industries. Thus, we continue to rely on the financial sector as the sole pillar. It is really disappointing as the Government just tries to get short-term solution without taking into consideration the well-being of future generations.

Hence, we solemnly urge the Government not to shirk its responsibilities any more. It must draw up a development blueprint and formulate a timetable for promoting the six industries, and regularly announce the progress of development. This is the right attitude to take practical actions.

The third direction to help people in coping with economic fluctuations is to preserve employment. This is also the greatest concern of the labour sector. The Government has the responsibility to protect the jobs of local workers. In recent years, local employers have imported professionals or supplementary labour from other places under different schemes. Limited importation of talents from other places is understandable when it has been proven that this is indeed necessary because there is manpower shortage in individual sectors as a result of economic development. In fact, the Supplementary Labour Scheme (SLS) administered by the Labour Department (LD) and approved by the employee representatives in the Labour Advisory Board (LAB) allows employers to import workers through monitored and controlled channels, without affecting the employment opportunities of local workers.

On the contrary, the General Employment Policy (GEP) and the Admission Scheme for Mainland Talents and Professionals of the Immigration Department lack clear standards and the assessment process is not transparent. Unscrupulous employers often take advantage of these schemes to import foreign workers. The following example serves to illustrate the problem. In the past three years, a local aircraft engineering company has applied for the importation of maintenance workers; it has imported a total of 149 workers with Aircraft Maintenance Technician licences under the GEP. Before, employers applying for the importation of technicians should first make applications under the SLS and the workers could only be imported after the applications had been approved by the LD and the LAB. Yet, in the above case, an application was not made under the SLS, and the employer could, by making up all kinds of excuses and changing the job title, apply to import workers under the GEP of the Immigration Department, without having to undergo the vetting and monitoring of the LD and the LAB. In this way, they imported technical workers whose job nature remained the same; this has seriously affected the job training and promotion opportunities of local employees.

Hence, we urge the Government to practically formulate a comprehensive and effective policy on the importation of foreign labour with high level of transparency and involvement of the labor sector, so as to protect the interests of local workers and give them priority in respect of the right to employment.

Apart from direct importation of foreign workers, wage earners are now facing with an unprecedented challenge, that is, the case involving the right of abode for foreign domestic helpers. In case the Government finally loses the lawsuit, all wage earners in Hong Kong will have to compete with hundreds of thousands of foreign domestic helpers and an influx of their family members for employment opportunities. At a snake banquet of the trade union last evening, some employees from the Immigration Department told me that a large number of foreign domestic helpers have applied for permanent residency after the judgment was given by the Court of First Instance. Their workload has thus increased tremendously. We call upon the Government to spare no efforts in playing the gatekeeper's role for Hong Kong people, so as to avoid a catastrophe.

As the coming year is going to be difficult and volatile, the Government must take the initiative to protect people's livelihood by adopting a three-pronged

approach, that is, introducing relief measures, improving the industrial structure and safeguarding people's livelihood.

I so submit, Deputy President.

MISS TANYA CHAN (in Cantonese): Deputy President, when Dr PAN Pey-chyou spoke just now, he has analysed the external environment. Quite a number of Members have expressed concern in their speeches. They mentioned the various economic problems in the United States, Japan and Europe, and pointed out that these problems have already spread to Italy. We often think that Italy should have a stable economy in view of the many tourists visiting the country. However, the interest rates of the Italian government bonds have soared. The situation will become precarious when the interest rate of longer-term treasury bonds rises above 7%. The economies in the world are now looking to China, but how many places can China alone save? We are also concerned that China's internal economy may be overheated and we are uncertain whether a soft landing is possible.

The unemployment rate in Hong Kong is now 3.2%, which is close to the full employment. The Hang Seng Index has rebounded a lot recently, and the prospect looks promising. Concerning the motion moved by Dr Philip WONG today, from our contacts with many people, we learn that they worry about the impact of the external factors on our economy, and an alarm has already been sounded. What worries us most is the situation of next year. Many friends in the industrial sector have already sensed that banks have started to "take away the umbrellas in rainy days". That is why we all get worried. Although a 5.1% economic growth seems great, we have to bear in mind that the inflation rate is 5.8%, and from the perspective of economics, Hong Kong actually has the risk of stagflation, meaning that our economy is likely to have a downturn after hitting the top.

Regarding the property market, we all know that the property market is basically the lifeline of Hong Kong, and the impact of the economic environment on the property market has become obvious. First, the mortgage rates of banks have increased and money supply has tightened. Also, the selling prices of newly-completed flats have been lowered. Have developers done so to speed up flat sales? We have no idea. Nonetheless, I believe Hong Kong people have

much confidence in the developers' insight. When flats of new property development projects are sold at lower prices, the second-hand property market has almost come to a standstill. We note that the number of negative equity cases seems to have increased and there are more than 1 600 cases at present; it is estimated that the trend of increase may continue.

The above illustrates that cold winter may be imminent as far as our economy is concerned. Is this a very frightening warning? It really depends on what preparations the Government is going to make. It is essential to help the middle class and small and medium enterprises (SMEs) get out of the doldrums. Members should have noticed that my amendment today mainly pinpoints the problems that may be encountered by SMEs.

Honourable colleagues may recall the financial turmoil in 2008, which happened not very long ago. The Government introduced a few measures at that time, and I think some of these measures should be maintained or the Government should review if these measures could be optimized, so as to face the coming economic winter. We are most worried that spring may come late while cold winter lingers on; in that case, it would not be easy for us to solve the problems.

As we are all aware, if SMEs are to survive the cold winter, it is of paramount importance that they have cash in hand. The Government can actually consider resuming the Special Loan Guarantee Scheme implemented during the outbreak of SARS in 2003 and the financial turmoil in 2008, and it may even consider providing guarantee for the full loan amount. Certainly, bad debts should be taken into account. So far, we do not have accurate figures on the final bad debt ratio since the implementation of the Scheme in 2008. Furthermore, the Government may consider increasing the guarantee amount from a quarter to a half of the credit amount to 90%. The Government may even provide guarantee for the full loan amount under special circumstances, thereby providing SMEs with sufficient working capital.

Regarding the credit situation of banks and the financial system, I believe these are issues of great concern to the Government as well. Regarding the number of negative equity mortgage cases just mentioned by me, this problem had also arisen during the SARS outbreak. The number of negative equity cases has serious impact on the quality of bank assets and it may directly affect the

liquidity of banks. Certainly, the Government has specified certain requirements on the banking system, such as the equity ratio, and so on, and now we have to pay more attention in this aspect. I understand that the Hong Kong Monetary Authority and the Hong Kong Mortgage Corporation are highly alert and have closely monitored the situation at all times. Yet, the ratio of bad debts or delinquency warrants special attention.

Concerning a review of the SME Export Marketing Fund which has, unknowingly, been implemented for many years, and a total of \$1.9 billion has been allocated for more than 134 000 cases. The results seem good at first glance. The Fund provides grant to SMEs for participating in trade exhibitions or placing advertisements on specified trade websites. I wonder if the Government would consider making some adjustments since the Fund has been implemented for so long. At present, the maximum amount of grant for each successful application is \$50,000 and the maximum cumulative amount of grant for a SME is \$150,000. Owing to inflation, higher costs will be needed for participation in trade exhibitions; will the Government consider a review? At present, advertisements subsidized by the Government can only be placed on certain websites, such as Tradelink or Alibaba. We have received comments, pointing out that given the current well-developed web platform, the Government should consider relaxing the restriction to allow SMEs to place advertisements on other non-commercial websites with broader contact points and higher popularity among web users, in addition to trade websites.

Many Honourable colleagues have also mentioned the issue of rents. If I remember correctly, Mr WONG Sing-chi has also said that rents account for a very high proportion of the expenses of SMEs. This issue is directly related to the land supply policy of the Government. We hope the Government would review the land supply policy so that developers or the public (that is users) can find a long-term, stable and even confirmed supply of commercial or residential land, which would enable them to assess more accurately the prospects and the relevant plans.

Another proposal in my amendment may not be closely related to SMEs, but I think it is more or less related to conservation, one of the issues that I am concerned about. This proposal is about the hawker policy. When people think of hawkers, the first impression is that they are dirty, unhygienic and dangerous. However, after the bootblack hawker incident, many people may

have a different view. Bootblack hawkers may not be hawkers but they hold itinerant hawker licences.

Today, the hawkers I have in mind — as the weather is now getting cooler, Dr Philip WONG may also remember — I would like to talk about hawkers selling roasted chestnuts and sweet potatoes. Of course, trading on-street without any restrictions may cause traffic congestion and affect the safety of pedestrians; yet, it seems that the progress of Government's review on the hawker policy has been slow. When companies closed down, employees may wish to be self-reliant in earning a living, trading on-street enable them to earn some money to keep them alive, this may be an option to be considered. I hope that other Secretaries and Secretary Dr York CHOW would discuss ways to enforce the hawker policy, so as to give room to these people to earn a living.

Lastly, I would like to talk about the support for social enterprises. Social enterprises provide good employment opportunities to low-income or low-skilled workers, even people with disabilities. Even though there may be economic hardship, I hope the Government would still strongly support the development of social enterprises, in order to sufficiently take care of the vulnerable groups in our society.

At this point, I will state the stance of the Civic Party on this motion. The Civic Party supports the original motion and all the amendments. I so submit.

FINANCIAL SECRETARY (in Cantonese): Deputy President, first of all I would like to thank Dr Philip WONG for moving this motion today. Being a small and open city economy, Hong Kong has always been vulnerable to external economic environment. Therefore, the Government has all along been closely monitoring the global economic situation, and will, as in the past, plan carefully and pool all resources together to make good preparations, so that in the event of a global economic downturn, the Government will adopt timely and effective measures to support the economy, protect employment and stabilize people's livelihood.

Dr WONG pointed out that the prospect of the global economy is uncertain at present. In fact, with increasing uncertain factors in the external environment, Hong Kong does face the risk of a downturn. When the Financial Secretary

spoke two weeks ago at the debate held in the Legislative Council on the Motion of Thanks regarding the Chief Executive's Policy Address, he pointed out that the adverse factors in the external economic environment have been on the increase since the beginning of this year. While the Hong Kong economy performed well in the first half of the year, with real GDP leaping by 6.3% over a year earlier, and the unemployment rate has recently dropped to 3.2%, the lowest in 13 years, implying that the labour market is close to full employment, the external economic environment has suddenly deteriorated rapidly in recent months, which would directly affect the external trade of Hong Kong. Constrained by a high unemployment rate, sluggish property market and the deleveraging process, the recovery of the American economy is still unstable. Furthermore, as the Eurozone sovereign debt crisis cannot be resolved in the short run and, with considerable uncertainties, the global financial markets have been volatile. All these adverse factors have cast a shadow over the overall economy and employment situation of Hong Kong.

Issues like inflation and employment are mentioned in Dr WONG's motion, and I understand that these issues are of great concern to many people. The Government is very concerned about local inflation. In this connection, the Financial Secretary had proposed various relief measures in the Budget released early this year, such as paying rent for public housing tenants, providing an extra allowance to recipients of Comprehensive Social Security Assistance and Social Security Allowance, raising tax allowances, waiving rates and providing an electricity charge subsidy. In the Policy Address delivered last month, the Chief Executive has also put forward various specific measures. I believe all these measures can alleviate the burden of inflation on people from all social strata.

With global food prices becoming stable over the past several months, coupled with the anticipated moderation of local economic growth amid a difficult external environment, and the recent cooling down of the property market, we believe that imported and local inflationary pressures can be alleviated next year.

On the employment front, the current unemployment rate is at the lowest level in years, reflecting that the labour market is still booming and close to full employment. However, the Eurozone debt crisis and the weak economic conditions of the United States have aggravated the external environment, and some employers have recently turned to be more cautious in recruitment. We

will continue to be vigilant and closely monitor the development of the labour market.

In view of an uncertain economic prospect and an inflation rate still at a high level, we are fully aware of the public's concern about the possible changes in our economy, which may impact on employment and people's livelihood. Today, I wish to listen more extensively to Members' concrete recommendations on how to assist the public in coping with issues like inflation and employment, before making another response.

Deputy President, I so submit. Thank you.

MR CHAN KAM-LAM (in Cantonese): Deputy President, since the onset of the financial tsunami, the United States has been beset by the weak real economy, a high unemployment rate and other problems. Though the authorities have reacted and have implemented, on two rounds, quantitative easing measures, the economy has not shown signs of recovery or improvement. This time, the forecast of the United States Federal Reserve is even more pessimistic, and the market is looking forward to the implementation of the third round of quantitative easing measures in the near future to stimulate the economy, or at least to ensure that the United States will not sink into the abyss of a double-dip recession. However, from our experience in recent years, we can foresee that, whether or not the third round of quantitative easing measures are introduced, the United States economy will not be back on track within a short period of time.

The European debt crisis has aggravated continuously and crises have emerged one after another. Though the European Union has come up with a rescue package, it may not be able to be implemented. The risk of Greek default is escalating, which is one of the uncertain factors influencing global financial development. Even the G20 Summit held earlier failed to formulate measures to resolve the crisis.

The European debt crisis and economic stagnation in the United States have dealt a heavy blow to the pillar industries in Hong Kong, and our import and export trades bear the brunt. Given the astonishing fiscal deficits and debts in developed countries, with European countries and the United States taking the lead, most people will tighten spending and consumption demand will be

considerably reduced. Despite the market demands of emerging countries such as China and Brazil, given the large gap in global demand, the developed countries will support their local economies with domestic demands instead of opening up the market rashly. Therefore, the overall demand of the global economy will continue to shrink, leading to import and export contractions. The position of Hong Kong as a trading hub will be seriously affected and the export contraction in August may just be the beginning. Industry players have projected that our export volume may also drop by 10% in September.

The inability of Europe and the United States to restore confidence in the financial markets will speed up the formation of a deleveraged financial system. We think that it is safest to have money in hand. So, even if the major central banks in the world continue to reduce interests and expand lending, financial institutions will just accumulate funds and they will not lend them out easily. Or, they will just lend money to clients who are willing to pay higher interests. We have begun to see this phenomenon in Hong Kong for banks have raised the loan interest rates and tightened loan approval. I am afraid that the continued deterioration of our economy may affect bank stability.

Deputy President, with the deterioration of the European debt crisis, our stock market can hardly protect itself and the prospect of our financial industry is worrying. There are obvious signs of frustration in IPO activity, the wealth effect and consumer/investor confidence. Many financial institutions have started to lay off employees and the economic downturn has approached quietly.

In the face of a sluggish economic outlook, I think we should seriously consider some issues. The first issue is our industrial structure. Due to slow upgrading and transformation, our economy tends to have no development or growth. One of the important causes of the current economic plight is that we have been relying on the pillar industries. At present, more than 220 000 Hong Kong people are employed by almost 10 000 companies engaged in financial services. The employees in the financial sector account for approximately 6.2% of our labour force and their contribution to our GDP exceeds 15%. Among more than 285 000 SMEs in Hong Kong, most of them are engaged in import and export trade and wholesale business. As we rely heavily on one single industry in Hong Kong, our economy is weak in combating attacks and has not very flexible has. Economic analyses generally agree that a balanced industrial structure can reduce the volatility of economic growth and strengthen the ability

of our employment market in combating attacks. Hence, to find a way out for our economy, we cannot simply wish for the recovery of the world economy, or the recovery of the trade and financial sectors; instead, we should open up an alternative path and achieve industrial diversification in Hong Kong.

Another issue for consideration is the leading role of the Government. Hong Kong has always adopted the mode of "big market, small government", but the market cannot, on its own, upgrade and transform or cope with changes in the external economic environment. The Government has proposed the development of the six industries where Hong Kong enjoys clear advantages but its proposal is not complemented by substantive policies; thus, there has not been any promising development. The SAR Government has not properly played its leading role and the new industries cannot have great development in view of the lack of new ideas, frameworks and mechanisms. The European and United States governments have intervened in the market, hoping to rescue the market through various policies but the result is not effective. Evidently, the Government cannot wait "with folded arms" for the market to perfect itself; it should have insights and assume a leading role in market development.

Another crucial factor is how to maintain a good business environment. Recently, the world media have begun to show concern that social and political factors unfavourable to the business environment of Hong Kong are fermenting, which include the mob politics of the opposition, the populist policy and judicial obstacles (frequent judicial reviews and so on), which hinder governance. The principal factor that encourages investment is a good and stable business environment; I believe the continued development of these unfavourable factors will greatly affect investors confidence in Hong Kong. Lastly, I would like to reiterate, without a stable economic base, even the best democratic system will be just an empty promise. The problems that have now emerged in the democratic countries in Europe and the United States are worth our consideration.

Deputy President, I so submit.

MR WONG KWOK-HING (in Cantonese): Deputy President, in the debate on the "Motion of Thanks" held earlier in respect of the Policy Address, the Financial Secretary warned that due to the uncertainties in the external economic environment, the forecast for economic growth in Hong Kong in 2011 has been

revised downward from between 5% and 6% to close to the lower limit of 5%. In case the economies of Europe and the United States experience downturns, Hong Kong's overall economy and employment market will also be affected. Since the Financial Secretary has sounded an alarm, I wonder if the Administration has formulated any corresponding measures to help people cope with adversities in times of economic fluctuations.

Deputy President, the Hong Kong Federation of Trade Unions (FTU) has all along advocated an employment-oriented economic strategy and the promotion of a diversified economy, so as to enable people to genuinely enjoy a stable living. Over the past year, there was a continuous decline in the unemployment rate. The latest unemployment rate between July and September 2011 was 3.2%, a slip of 1% from 4.2% in the same period last year. However, if we look carefully, we may notice that the unemployment rate of low-skilled workers is generally higher than that of high-skilled labour. Take managers and administrators and professionals as an example, the unemployment rates between May and July 2011 were 1% and 0.6% respectively. However, for clerks and services workers and shop sales workers, the unemployment rates were 4% and 5.2% respectively over the same period. This reflects that grass-roots workers are still encountering great difficulties in employment.

In order to help wage earners tide over the difficult times that may lie ahead, we need to create more job opportunities. As the saying goes, adversities will give rise to opportunities. The financial tsunami has proved that our economic structure is too heavily dependent on the financial industry. As we have said time and again, we should restructure our economic structure through the development of diversified industries and the creation of various types of job, so that people with different abilities can have job opportunities.

We have previously put forth many different proposals, such as the development of local agricultural and fisheries industries, as well as local cultural economy and creative industries. In view of the spate of food incidents in recent years, food safety has become a primary concern of the general public and the requirement of food hygiene has been raised. Therefore, the redevelopment of agricultural and fisheries industries in Hong Kong can strengthen the control of food at source, thereby enhancing the protection of public health.

The promotion of local cultural economy, which can create more job opportunities, has also been put forth for many years. Another proposal which we have also pursued for quite some time is a review of the hawker licensing system and the relevant policies. It is hoped that the Government will re-consider issuing hawkers' licences to enable members of the public to run small-scale businesses and become self-sufficient.

After The Link REIT took over the shopping centres, markets and car park facilities from the Housing Authority (HA), numerous problems arose — small shop operators were exploited and forced to pay exorbitant rents, whereas members of the public were forced to buy expensive goods. The FTU suggested that the authorities should provide more markets run by the Food and Environmental Hygiene Department, or open more bazaars to provide a means for the grassroots to make a living or set up their own business, which would also provide an alternative for the grassroots at affordable prices. If an economy is diversified, it can better adapt to adversities. Therefore, we must start with the development of a diversified economy and the creation of job opportunities.

Apart from employment, another problem faced by the public is the failure of wages to catch up with inflation. Over the past year, Hong Kong people have suffered from inflation. According to the Census and Statistics Department, the updated underlying inflation in September was 6.4%. While commodity prices and public transport fares increase one after another, wages have nonetheless failed to catch up with such increases and people are living in dire straits. The FTU proposed the introduction of a "monthly ticket scheme for all types of transport", which will provide monthly tickets for people travelling on different types of public transport, such as MTR, buses, ferries and public light buses, with a view to alleviating people's burden of travelling expenses. However, so far, the FTU has not received any active response from the Government regarding the abovementioned proposal. I think that the Government should not procrastinate anymore.

Deputy President, the failure of the United States to deal with its economic problems has caused widespread public resentment and evoked the Occupy Wall Street Movement. On the other hand, the European debt crisis would create knock-on effects at any time which might plague the global economy. Given that Hong Kong is vulnerable to external economic development, we cannot

immune from any economic shocks. Therefore, the Government must always be prepared so as to minimize the negative impact.

One last word is that although the Mainland has put forth 36 proposals in six areas to support Hong Kong, there is no sign of the SAR Government in co-ordinating, leading or promoting inter-department action in response. If this is the case, even if someone sends us a deer, we are unable to remove its horns (*The buzzer sounded*)

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

MR WONG KWOK-HING (in Cantonese): but merely let it run away.

MR CHAN KIN-POR (in Cantonese): Deputy President, in the wake of the economic crisis in Europe and the United States, we have seen ups and downs in our economy over the year. While Hong Kong was enjoying an atmosphere of economic prosperity in early 2011, the primary concern of the general was the frantic increase in prices brought about by inflation. But then the situation deteriorated rapidly in mid-2011, and the local stock market, which is the leading economic indicator, has experienced great ups and downs like roller-coaster rides.

Recently, the Financial Secretary ascertained that Hong Kong's total export of goods has slackened. The export volume of goods in August recorded a drop of 2% over a year earlier, and is expected to slide further to more than 10% in September. According to market projection, the situation will be even worse towards the end of the year. Members of the trade pointed out that the number of purchase orders for the Christmas peak season has significantly decreased as compared with last year. Some small and medium enterprises (SMEs) even said that they have not received any purchase orders at all.

In fact, the Government has affirmed that economic risks are elevating. The Financial Secretary has stated clearly the other day that inflationary pressure would no longer be the focus of our economy in the coming year, but the greater downside risks in the global economy. The risk of an economic recession in Hong Kong is growing.

The present situation is crystal clear. Unless something special happens, it is very likely that Hong Kong will experience an economic downturn or even an economic recession next year, which may probably last for a certain period of time. If this is the case, we should save up for the rainy days and prepare ourselves for the economic shocks.

I believe once the economy worsens, layoffs will be inevitable. Therefore, we hold that "preserving jobs" is of utmost importance. In view of the fact that some SMEs have sharp slash in purchase orders this year, what we need to do now is to help them tide over the difficult times, so as to avoid waves of closure of enterprises or layoffs in the short run.

As there are about 300 000 SMEs in Hong Kong which employ more than 1.2 million employees, the waves of layoffs and business closures may have disastrous consequences. Therefore, the Government must expeditiously introduce assistance schemes to help SMEs, such as providing further credit support and tax concessions, and exploring new markets. If it hastily introduces measures only after the community is hit by waves of layoffs and business closures, it will regret later.

It should be noted that even though there is less than one year before the current-term Government expires, the Financial Secretary should not refrain from initiating major changes. Rather, he should be bold enough to take actions when such a need arises. I think all Legislative Council Members will support him.

Another issue which must be expeditiously addressed is related to negative assets. Recently, the number of negative asset cases has risen again to beyond 1 600 in the third quarter. Although the caseload still remains at a low level, an alarm has nonetheless been sounded. When the housing policy was debated in the Legislative Council last year, I had already said that if we failed to promptly curb the property market, people who have bought their properties at high prices will be plunged into a negative-asset risk when there is an economic downturn.

At present, property prices in Hong Kong still stand at record high. If the economy really suffers a hard landing, property prices may undergo substantial adjustment. This will inevitably drive up the number of negative-asset cases. Negative asset is indeed a painful lesson for Hong Kong, and may even cause many family tragedies if it comes along with unemployment. We certainly do

not wish to see any more negative-asset cases. So, the Government must remain vigilant and consider what counter-measures can be adopted.

The Government must also consider what can be done to help people tide over the difficult times. It has stated its intention to offer a tax rebate, increase individual and child tax allowances, and offer tariffs subsidy in next year's Budget. I believe these proposals will certainly benefit the grassroots or the middle class, and I have all along supported these proposals.

I hope that when other measures are proposed in the budget, the Financial Secretary will pool resources to help people in genuine need in a focused manner. He should formulate relief plans instead of arbitrarily "giving out candies".

Meanwhile, the Financial Secretary should, when necessary, advance the implementation of relief measures in response to the economic conditions. In order to help people tide over the difficult times, he should not wait until the delivery of the next budget.

Regarding the amendments proposed by different Members today, I believe the Government will consider the policy and financial implications of the proposals, especially the abolition of the mechanism whereby employers' contributions under the Mandatory Provident Fund Scheme are used to offset severance payments and long service payments. Although I support this approach, I think negotiation with employers' associations is necessary and the proposal can only be implemented with their consensus.

I so submit.

MR ANDREW LEUNG (in Cantonese): Deputy President, I am very grateful that Dr Philip WONG proposed this motion today. At this treacherous moment, we really hope that we can discuss the issue in this Council.

Members mentioned the economic doldrums currently hitting Europe and the United States, and we have noticed that the United States can do nothing to resolve the problem in the short run. The present solution adopted by the United States is to print money, which will only push the global commodity prices upward. Worse still, the market is dwindling. Members may also notice that

the European debt crisis has remained unresolved after an extended period of time, and although European countries supported the package to solve the Greek debt crisis last week, Greece suddenly proposed to hold a referendum. This has caused great fluctuations in the global economy last week.

In fact, the Greek debt currently plaguing Europe amounts to €330 billion, adding the debts of Italy and Spain at €2.2 trillion, the amount is indeed enormous. The focus of this week is Italy. It has been reported that the European Financial Stability Facility would raise €1.39 trillion, but only €440 billion has been raised so far. There is a shortfall of — using the term of our country, there is a gap of €950 billion — and fund-raising efforts should continue. The European Financial Stability Facility is only used to solve the existing Greek debt problem. Any mishandling will spark a crisis in Italy and the global economy will again be dragged into a period of instability.

As we can see, the approach adopted by the Hong Kong Government in dealing with the financial tsunami in 2008 is better than any other countries. Hong Kong is the first place to walk out of the financial crisis. Although our unemployment rate had risen to more than 5% for a certain period of time, it has dropped to barely above 3% at present. This proves that the problem has been dealt with properly.

In 2008, Members joined small and medium enterprises (SMEs) and banks to propose to the Government to introduce a \$100-billion Special Loan Guarantee Scheme for Small and Medium Enterprises (the Special Loan Scheme). We are glad that the Government had taken heed of our advice and rolled out the Special Loan Scheme. In fact, the Special Loan Scheme has proved successful in helping SMEs tide over the difficult times and maintaining employment. This is a very good policy. Nonetheless, the Special Loan Scheme expired last year after an extension, and the Government decided not to renew the relevant contract. Instead, it has switched to the SME Financing Guarantee Scheme (Guarantee Scheme) launched by The Hong Kong Mortgage Corporation Limited (HKMC).

(THE PRESIDENT resumed the Chair)

As I engage in factory business, I often have contacts with different manufacturers. Many people said that there are fewer purchase orders for this Christmas than before. In fact, 99% of purchase orders for this year's Christmas have been delivered and we are talking about next year's purchase orders. Members may notice that the overseas markets are dwindling. We hope that buyers can be more cautious for the time being, and manufacturers can receive more purchase orders for Christmas. In this connection, we hope that the Government will introduce more measures to help SMEs tide over the difficult times.

As Members may recall, our country had taken heed of our advice in 2008 and revised a number of policies. It had also increased tax rebate and established funds to support our enterprises, thereby avoiding waves of business closures. However, a wave of business closure is about to hit the Mainland and the business of some small enterprises have become pretty unstable. As we have advocated, the Government must do something to preserve SMEs in times of economic instability as in the case of 2008. Only this can preserve our employment. Noting that we have introduced measures which the rest of world had followed suit in 2008, what should we do this time?

Regarding the Guarantee Scheme launched by the HKMC, we hope that a platform will be established to address the problems arisen in this unstable economic cycle. Under the Guarantee Scheme, the HKMC will provide guarantee coverage of 50% to 70% and charge a guarantee fee. It is hoped that, at this critical moment, the Government will raise the guarantee coverage to 80%, which is the guarantee coverage provided under the Special Loan Scheme. There is no doubt that a guarantee fee will be charged, but we hope that the rate will remain within the range from 0.5% to 4.2% and the Government will share half of the fee. This would enable SMEs to obtain credit easier so that they can tide over the difficult times.

Most important of all is that many SMEs participating in the Special Loan Scheme will start repayment in 2012. We hope that the Government can provide some channels to help SMEs. I am very grateful that the Civic Party has proposed an amendment to indicate their support to SMEs. But while it supports SMEs to develop through other channels, it should also support SMEs to seize every opportunity to undertake market promotion, for instance, what more should the Hong Kong Convention and Exhibition Centre do. As we are now on the

same boat, what should we do to help SMEs tide over the difficult times, thereby preserving employment and our economy?

President, I so submit.

MR TOMMY CHEUNG (in Cantonese): President, the European debt crisis has been unsettling, whereas the economy of the United States is ailing. The future of the global economy is so gloomy that Hong Kong cannot but be affected. Therefore, the Liberal Party strongly supports today's motion which requests the Government to formulate measures in respond to a possible economic downturn that might hit at any time, with a view to minimizing the effect of the economic turbulence on the public and enterprises.

However, due to time constraint and the fact that I have already expounded on the proposed relief measures to help the middle class and the grassroots in last week's discussion on the motion "Alleviating the financial burden of middle-class people", today I will focus on how the Government should help small and medium enterprises (SMEs) and stabilize the employment market.

Recently, the Financial Secretary has posted an article in his blog and cautioned that total export in August had dropped by 2%, which may further drop to more than 10% later on. Therefore, we should not be too optimistic about Hong Kong's export of goods from the rest of this year to early next year. Economic growth has dropped from 7.5% in the first quarter to 4% in the third quarter. It is estimated that economic growth for the year will only be about 5%, which is lower than last year's 7%. It is expected that it will be even worse for next year.

President, as SMEs account for 98% of all private enterprises in Hong Kong and employ over 1.7 million people, representing 48% of the total number of employees, they have a significant bearing on the stability of the employment market. However, the recent findings of the Hudson Resources Inc. showed that in respect of the entire industry, 8% of the enterprises have layoff plans for this quarter, representing a sharp increase of 7% when compared with the previous quarter. Therefore, although the market situation appears calm, ominous clouds are actually gathering over the world. I hope that the storm will just pass by without hitting us directly. Nonetheless, the Government should take

appropriate precautionary measures to offer proactive help to SMEs, and stabilize the confidence of the investment and employment markets by all means. It should stay vigilant.

In fact, SMEs are already in the battlefield and are fighting vigorously against the imminent threats. According to the Trade Confidence Index published by the Hongkong and Shanghai Banking Corporation Limited in October, the confidence index of Hong Kong's SMEs has dropped to 95. Not only has the index dropped below the 100 neutral line, it is even heading towards 92, the index recorded during the financial tsunami.

SMEs did not turn pessimistic for no reason. The European debt crisis and the United States recession have pushed those externally-originated SMEs and businessmen operating in the Pearl River Delta (PRD) Region to the verge of collapse. Some of them can barely survive. While Hong Kong's re-exports to the United States has decreased by 8.4% year-on-year in September 2011, re-exports to the United Kingdom and the Netherlands have even decreased by 12% and 7.9% respectively over the same period. The number of Christmas purchase orders of our four major industries, namely textiles, toys, clocks and watches and electronics, has decreased by 5% to 50%. We can see how miserable the situation is. Worse still, many SMEs were further plagued by thorny problems, such as delayed payment from clients, financing difficulties and exchange rate loss. They long for assistance. As pointed out by the Deputy Chairman of the Federation of Hong Kong Industries, Stanley LAU, in today's newspaper, SMEs are facing even more difficult times than that of the financial tsunami. It is estimated that about 30% of Hong Kong SMEs operating in the PRD Region intended to close down their business.

The Treasury, on the other hand, has a hefty reserve and is flooded with money. As at the end of October, government income from the sale of land and land premium was as high as \$80.7 billion, which is the record high in 27 years. According to the projection of the Deloitte Touche Tohmatsu, financial surplus for 2011-2012 will reach as high as \$28.1 billion, which is much higher than the \$3.9 billion previously projected by the Government. Therefore, the Government does have sufficient financial means to help SMEs tide over the difficult times. One way is to introduce a "carry back tax losses" mechanism for SMEs in difficulties, so as to enable them to carry their losses back to the last surplus year. Through the provision of tax rebate, SMEs can still receive a sum

of money as cash flow when they are in red. This sum of money is like water in a desert, which can at least support SMEs for a while.

We also hope that the Government will seriously consider lowering the profits tax of SMEs to 15%, as SMEs really need some boosters amid the current market turbulence. A reduction of SMEs' profits tax may enable them to become more optimistic about the future, thereby avoiding further contraction and help stabilize employment.

President, regarding the financing of SMEs, although the Government has launched the SME Financing Guarantee Scheme (Guarantee Scheme) early this year, it has failed to serve as an important source of financing for SMEs due to the high guarantee fee, the requirement of excessive information and the complicated formalities. We hope that the Government will again give full play to the spirit of "implementing special measures for special times", as what it did during the financial tsunami, and re-launch the Special Loan Guarantee Scheme which has been highly popular but has ceased operation, or streamline the eligibility requirement of the Guarantee Scheme so as to meet the financing needs of SMEs.

The Government should also take the initiative to freeze or revamp the fees and charges of public utility services, waive the licence fees of industries with operational difficulties for one year, and consider exempting the rent of markets and shops operating in publicly-owned premises. These may serve as relief measures which give the enterprises a break.

Last of all, we wish to point out that in the amendment proposed by Dr PAN Pey-chyou, he proposed to advance the review of the statutory minimum wage level and abolish the mechanism whereby employees' contribution under the Mandatory Provident Fund System are used to offset severance payments and long service payments. These proposals are totally irrelevant with today's motion which promotes the spirit of relief, and are absolutely not worthy supporting.

President, I so submit.

MS LI FUNG-YING (in Cantonese): President, since Hong Kong's reunification some 10 years ago, Hong Kong has been hard hit by economic turbulences, from the Asian financial turmoil, the outbreak of the atypical pneumonia epidemic, the closing down of the Lehman Brothers Group to the credit crisis of the United States. The economic turbulences resulted have dealt serious blows and far-reaching implications to Hong Kong economy, livelihood and politics. At present, ominous clouds are gathering over the world. Not only has Europe plunged into a debt crisis, the United States economy has yet to recover. An economic storm that is going to sweep across the world is building up. As the saying goes, "Past experience, if not forgotten, is a guide for the future." Today's motion offers a good opportunity for us to summarize our experiences and prepare ourselves for the future challenges.

During the worst times of our economy in the past, we had deflation, dampened consumption and investment desires, reduced income and rising unemployment rate; some people were even caught in the quagmire of negative asset. However, if Hong Kong experiences an economic downturn in future, we may not merely have deflation, but stagflation. This will deal a serious blow to the general public, especially to wage earners who live from hand to mouth.

In times of economic difficulties in the past, the Government would chant the slogan "weathering the adversity together" and stress the spirit of people living under the Lion Rock. However, such appeals to the public to tighten their belts by, for instance, introducing stringent financial policies from 2002 to 2003, contracting public expenditure, streamlining the civil service establishment and slashing the remuneration of civil servants, had aroused strong public resistance. Although the economy recovered its vitality after the crisis, only a minority of people can have a taste of the fruit, which had widened the disparity between the rich and the poor.

Will the Government hoist the flag of "weathering the adversity together" again in the upcoming economic crisis? The Government has rationalized the regressing living quality of the grassroots and stressed too much on the notion that saving the market means saving the people. Yet, once the market has revived, it immediately put forth the principle of "big market, small government" and continued to turn a blind eye to the desperate grassroots. President, in my opinion, economic crisis is never an excuse to sacrifice the disadvantaged groups. As to how the economic crisis should be dealt with, I hope that the Government

would sincerely listen to voices of people from all walks of life, with a view to consolidating efforts in society and genuinely weathering the adversity together.

President, whether in times of an economic crisis or in times of peace and prosperity, unemployment is the greatest concern to wage earners; but in times of an economic crisis, unemployment problem becomes more pressing. In the previous economic doldrums, the Government had failed to properly deal with the situation, resulting in many social tragedies. In this Council, I have been urging the Government to establish an unemployment loan fund, under which loans will be granted for a maximum period of six months at an amount based on the wage received by the unemployed person before he was laid off. Repayment can be made by instalments after the unemployed person are re-employed. The merit of this fund is that it can put people at ease in times of an economic turmoil. Even if a person is unfortunately unemployed, immediate financial assistance will be provided to address his pressing needs. This would prevent his quality of living from deteriorating, and he needs not wait until his standard of living has reached the CSSA level to be provided with assistance. What is more, providing assistance to unemployed people by way of loans will not impose heavy burden on the public coffers. Meanwhile, the Government should provide rental subsidy for applicants who are on the Waiting List for public rental housing, and provide student healthcare vouchers. I have put forth these proposals for more than a decade and almost every time we met with the Chief Executive to discuss the policy address, I would remind them of the proposals. Yet, no response has been received so far and I felt utterly disappointed.

President, I notice that many constructive views have been raised in the amendments proposed by Members. They are pretty general and can be implemented even if they are not used to combat economic fluctuations. These proposals include reviewing the CSSA system, assisting the grassroots to combat inflation and reviewing the hawker policy. As to how a consensus can be forged so that the community can genuinely weather adversity together and face the economic blows, this hinges on whether the Government has the courage to take heed of the diverse views expressed by the community.

President, thank you.

MR CHEUNG KWOK-CHE (in Cantonese): President, I still remember that when Hong Kong was plagued by high inflation in the 1990s, many people lived in dire straits. This is why the song "The wave of price hike" sung by Samuel HUI became so popular and penetrating at that time. Fortunately, the rapid economic growth in Hong Kong had successfully offset the pressure brought about by inflation. Today, the world is covered by dark economic clouds. This has, in particular, added to the turmoil of the financial market and created uncertainties in our economy.

Inflation in Hong Kong remained high on entering 2011, the Composite Consumer Price Index (CCPI) recorded a year-on-year increase of 7.9% in July 2011, a record high in 16 years. Although the CCPI dropped in August and September, it still edged up to 6%. Rising inflation is caused by the rising international food prices, the excessive printing of money by the European countries and the United States in an attempt to rescue the economies, thereby causing a proliferation of capitals and aggravating global inflation, as well as the exorbitant rents of commercial and residential premises which have also fuelled up local inflation.

As for Hong Kong, we can only maintain a steady economic growth. While the International Monetary Fund projected that the economic growth will be about 5%, it is reported today that Chief Executive Donald TSANG has stated in the United States that Hong Kong's trade growth for the coming year would only be about 2%. This wax and wane in competitiveness implies that Hong Kong may have stagflation, a quagmire of low economic growth and high inflation rate. We cannot rule out the possibility that local small and medium enterprises (SMEs) may lay off employees or even close down by then, thereby further pushing up the unemployment rate.

President, there are currently about 300 000 SMEs in Hong Kong, which accounts for some 90% of local commercial organizations and employ more than 1.2 million people. In other words, apart from civil servants, these 1.2 million people represent 50% of Hong Kong's total workforce. It can therefore be said that SMEs are the mainstay of Hong Kong's economy. As such, the Government must prepare for the rainy days and strive to help SMEs tide over the possible difficult times. This will indirectly secure the jobs of 50% of wage earners; most of them are from the grass-roots level and are also breadwinners in their families. In fact, many SMEs have already encountered cash flow problem

in the face of tightened credit facilities by banks. In case of an economic downturn, the situation will certainly aggravate. Therefore, I hope that the Government will re-launch the SME Special Loan Guarantee Scheme which has just expired late last year. Under the Scheme, the Government would provide a guarantee of up to 80% of the approved loan and the maximum loan amount is \$12 million. No matter what, it is less stringent than the existing SME Loan Guarantee Scheme. Although the Hong Kong Mortgage Corporation Limited (HKMC) launched the SME Financing Guarantee Scheme early this year, the maximum guarantee coverage is only 70%, which is still lower than that of the SME Special Loan Guarantee Scheme.

Secretary Gregory SO also admitted earlier that in view of the rapidly worsening external economic environment lately, it has become more apparent that Hong Kong's economy will have a higher downside risk next year. Since the Government is aware of the risk, why is it so unwilling to take precautionary measures to prepare for the unexpected? It would be too late if the Government only tenders assistance in case of an economic downturn and SMEs have cash flow problems.

The exorbitant rent in Hong Kong is another major stumbling block for SMEs. I hope that the Government can call on major real estate developers to freeze the rent of local shops for three years to give SMEs a breathing spell. Actually, if tenants close down their businesses, the vacated shop premise may be left idle for months or even one year. Thus, the loss in rents may be greater than the cost incurred in freezing the rents. It will be a win-win situation if developers can freeze the rents and weather the adversities together.

Under high inflation, increase in food prices is particularly rampant. This not only directly affects the general public, but also the social welfare sector as well. Increasing expenses, in particular, will impose an excessive burden on residential care homes and community service units. Some of them even have to subsidize the food costs from their own pockets. Those cannot afford to do so have no other choice but to compromise the quality or portion of meals. Regarding the meal delivery services provided by the Social Welfare Department (SWD), as it is provided that the charge per meal cannot exceed \$12.6, the relevant organizations cannot charge more than that even if some elderly people are willing to pay a few dollars more to have more decent meals.

In this connection, I hope that the SWD can make flexible adjustments in this difficult time, and relax the \$12.6 limit of meal delivery service. As for the revised limit, I think further discussion can be held. Another suggestion is to set aside about \$126 million from the Lotteries Fund, to be used for subsidizing the increased food prices for one year, thus benefiting about 50 000 elderly people or people with disabilities living in residential care homes and the community. The organizations concerned will therefore have an additional \$3.5 to buy more fresh food, such that the service recipients can have the basic nutrition needs.

President, to those well-off or middle-class people, the effect of inflation is only negligible as they may, for instance, buy fewer clothes, go out less often or do not travel abroad for vacation. However, to people at the lower strata of society, inflation may affect their basic living and they may not have adequate food and clothing. Therefore, a review of the interval of each adjustment cycle of CSSA is definitely a lifebuoy to them. We have reiterated this point time and again in the Panel on Welfare Services, and other Members have also aired similar views earlier, so I am not going to waste time repeating those viewpoints. I hope that the Government will listen to our views so that all Hong Kong people can tide over the difficult times under high inflation.

President, I so submit.

MR FREDERICK FUNG (in Cantonese): President, although the European Union Summit had earlier come up with a preliminary package to solve the sovereign debt crisis in Europe (European debt crisis), which include the expansion of the European Financial Stability Facility from €440 billion to €1 trillion, and an agreement to write off Greek sovereign debt by 50% and increased the capital ratio of banks to 9%, the relevant details have yet to be finalized. What is more, the success of the package hinges on the active participation of the emerging markets, such as China and Brazil. Therefore the market is generally doubtful whether the package can really address the European debt crisis.

Unfortunately, while the European debt crisis has not been resolved, another problem has emerged. The Greek Prime Minister suddenly called for a referendum to decide whether or not the relief package should be accepted. This immediately gave rise to great turbulence in the global market. Although the

referendum was later called off and the Prime Minister undertook to resign for the formation of a coalition government, the European debt crisis spread with amazing speed to Italy, the third largest economy in the European Union. No matter whether Italian Prime Minister BERLUSCONI would stay in office and the deficit-reduction budget would be passed in the Senate, Italy will plunge into a chaotic political and economic condition, thereby driving the European debt crisis out of control.

President, in order to thoroughly resolve the European debt crisis, the European Union must be more determined. Germany and France can no longer act on their own. All countries must do their best to reach an agreement on deficit reduction and strictly comply with it, as well as maintain fiscal discipline and establish a more powerful financial control framework. And yet, the target of deficit reduction alone can hardly be achieved. No wonder German Prime Minister Angela MERKEL said recently that it would take a decade for the European debt crisis to be completely resolved. This implies that the global economy will continue to be plagued by such economic turbulence for a long period of time. How should Hong Kong deal with this situation? What should we do in response? Those in power must seriously think about this.

President, on the face of it, Hong Kong is facing an entirely different environment. Our economy has recorded a sustainable growth in the first half of 2011 with Gross Domestic Product (GDP) expanding by 6.3% in real terms over a year. However, the growth in GDP for the second quarter has slackened to only 5.1%. Economic expansion is mainly spurred by domestic demand. In other words, the growth was led by local consumer sentiment and improved income, and our economy features a relatively thriving internal situation against a weak external environment.

However, as a result of a reduction in consumption demand from Europe and the United States, Hong Kong export has been shrinking. The Financial Secretary even predicted that the total exports of goods would have an enlarged decline of 10% in September over a year. In fact, our economy may be adversely affected by three major external factors, namely the European debt crisis, stagnant development of the United States economy and rapid economic growth of China. The impacts of these factors are gradually emerging.

Therefore, the Hong Kong Association for Democracy and People's Livelihood (ADPL) considers that the authorities must formulate corresponding policies and measures, and most important of all, assistance must be provided to small and medium enterprises (SMEs) to cope with economic fluctuations. There are more than 290 000 SMEs in Hong Kong, which account for more than 98% of the total local enterprises. Also, the number of employees represents nearly 50% of the total number of employees working in the private sector. Therefore, the smooth transition of SMEs will have a significant implication.

First of all, the Government must prevent banks from "taking the umbrella away on rainy days". In 2008, for instance, banks had refused to tender loans to safeguard their own interest, thereby affecting the entire economic flow. We therefore request the Government to expand the existing Special Loan Guarantee Scheme for SMEs, which include raising the maximum amount of loan guarantee and the guarantee ratio, so as to ensure that SMEs can cope with the problem of insufficient cash flow. It should also enhance the support for SMEs to develop emerging markets through the SME Export Marketing Fund, thereby lessening their reliance on the traditional markets such as Europe and the United States.

Furthermore, as suggested by the ADPL in the proposals put forward for the Policy Address early this year, although the Government has introduced various measures to stabilize property prices since February 2010, the overall prices of residential properties have still risen by 14% in the first half of 2011 and exceeded the peak of 1997 by about 7%. They have further pushed up the selling prices and rents of retail shops. In the first half of 2011, the increase in selling prices and rents were 14% and 6% respectively, which well illustrates the increasing burden of rents on SMEs.

Therefore, the ADPL proposed the introduction of a progressive profits tax system with two tax bands. For SMEs earning assessable profits less than \$10 million, the profits tax rate should reduce 1% to 15.5% to help them cope with the increasing rental pressure. It is expected that this will reduce government income by about \$1 billion.

In respect of measures introduced to help people withstand economic fluctuations and high inflation, the ADPL considers that the Government should expeditiously review the minimum wage level; launch another round of inflation-linked retail bond totalling \$10 billion; freeze all government fees and

charges related to people's livelihood; re-introduce the electricity subsidy scheme of \$1,800 per household; provide one additional month of standard rate payments for CSSA recipients and one additional month of allowance for Old Age Allowance and Disability Allowance recipients; waive rates and Government rent for the whole year, subject to a ceiling of \$1,500 per household per quarter; pay two months of rent for more than 700 000 public rental housing tenants in Hong Kong and provide two months of rental subsidy to applicants waiting for public rental housing allocation.

I so submit.

MR LEE CHEUK-YAN (in Cantonese): President, the theme of the motion proposed by Dr Philip WONG today is about issues relating to economic fluctuations, which are certainly worthy of our concern. Nonetheless, there is a major problem which must be dealt with whenever this topic is discussed, and that is, the failure to resolve the structural problem and deep-rooted conflicts. Without addressing these issues, all discussions would be empty talks. Although actions have been taken by the Government, they were just measures to offer small favours or unable to tackle the roots of the problem. Thus, the problem has remained unresolved. From the outbreak of the first financial storm and SARS to the financial tsunami and the current European debt crisis, the problem still persists. What is the problem then? Honestly speaking, the structural problem is a global issue. Why do people occupy the Wall Street? Why do people occupy Central? Because the global economy has been hijacked by the financial hegemony. What are the targets of the hijack? One is the economic entity, and the other is the government.

How do they hijack the economic entity? There is currently a saying that "Wall Street is different from Main Street". They are completely different. "Main Street" refers to an entity economy which covers small and medium enterprises (SMEs) engaging in manual production, as well as production- and service-based enterprises. While SMEs have been working industriously, the onslaught of the financial tsunami has driven them to closure. This is so unfair. The development of capitalism worldwide has reached such a state that hardworking people who work industriously for profits will be punished, whereas the greedy ones, the so-called corporate greed, will be awarded. The year-end bonuses received by the Chief Executive Officers of large enterprises are usually

so hefty that they usually equal to hundreds or even thousands of times of the salary earned by an ordinary employee. The trend of polarization is found in different corners of the world. Financial hegemony and casino capitalism has caused the entity economy to continue to dwindle. This has become a global phenomenon, and Hong Kong is no exception.

This time, we called on the Government to help SMEs. What makes the operation of SMEs so difficult? Rent and financing. Sometimes banks refused to provide loans, and sometimes landlords substantially increase rents by as high as 100% or 50%. What can SMEs do then? Why would this happen? This is again attributable to financial hegemony and hijacking, which is commonly found all over the world. They have not only hijacked the economies, but also the governments. All the governments only save the markets but not the people. This not only happens in Europe, but also in the United States. Why? Because the governments have been hijacked and they must save the market; or else, the entire economy will collapse. To save the market, resources must be deployed, either by using the hard-earned assets or by printing money. This is precisely what is happening in this world.

If Hong Kong and the rest of the world do not deal with the problem of financial hegemony, entity economy can never develop. Just now a Member bragged about the six major industries and other industries, and explained why Hong Kong cannot achieve diversification of industries. We certainly cannot achieve diversification of industries as our economy has been hijacked all the time. So how can we diversify our industries? Hence, the problem can never be resolved if we do not tackle it at root. This is an analysis from the economic perspective.

Another perspective which I would like to talk about is the structural issue. I am not going to talk about the minor issues. Some proposals are good, for instance, I very much agree that but there are fundamental problems. If we do not address the deep-rooted conflicts, all these proposals will be rendered useless. Let me cite an example. A Member proposed to introduce a "monthly ticket scheme for all types of transport". While this is certainly good, it is nothing but empty talk. Why do I say so? Because the entire transportation system has been privatized. How can we introduce the monthly ticket scheme for all types of transport?

Although MTR is the most important transport mode, monthly tickets are only available for the West Rail. Why were monthly tickets introduced for the West Rail? This is because there were hardly any passengers in the past. I am worried that monthly tickets for the West Rail will be abolished at any time. Why is the MTRCL so reluctant to introduce monthly tickets? Because it wants to reap the largest profits. Why does it want to reap the largest profit? Because it has been privatized and Members had voted for the listing of the MTRCL in this Council. Given that the MTRCL has been privatized, requesting for concession is like asking a tiger for its skin. You told the public that something has been done, and proposals have been put forth. Yet, the proposals are downright useless as they are contradictory to the structure of the private enterprises.

Do you think enterprises have social responsibilities? What social responsibilities do they have? If they have social responsibilities, they are no longer private enterprises, but social enterprises. Is the MTRCL willing to become a social enterprise? No, the MTRCL is certainly not willing to become a social enterprise. Is there anything that it is willing to do after earning tens of billions of dollars? Is it still increasing the fares? Some people blamed the upward and downward fare adjustment mechanism, which was again endorsed by this Council. When this Council supported the privatization and listing of the MTRCL, it had indeed given a "green light" to all its structural problems. This has sowed the seeds of misfortune. Yet, all of a sudden, we asked the MTRCL to be nice. I just want to say that if we genuinely wish to introduce a "monthly ticket scheme for all types of transport", no privatization should be allowed in the first place.

Secondly, it is the high commodity prices. In order to strike a balance, markets were built in some new towns. I strongly support this approach and Tin Shui Wai is a good example. How come prices are so high? The Link REIT should be blamed. Why was The Link REIT listed? Because Members of this Council considered that the listing of The Link REIT was desirable. This was beneficial to shareholders who want to invest, as well as to investors. However, this has facilitated the growth of financial hegemony as people are indulged in investment. What should members of the public do in the face of this problem? Just look at the difficulties encountered by the general public, we can see that their misery can again be traced to the structural problem.

Another issue is wage. If we cannot resolve the wage problem, we can never combat inflation. How can we resolve the wage problem? As there is no right of collective bargaining in Hong Kong, just now we requested the Government to advance the review of an upward adjustment of the minimum wage. However, Mr Tommy CHEUNG said that this is irrelevant to the topic under discussion as we are not talking about relief measures today. Yet, relief is not our point as we have become self-reliant. We merely ask for reasonable wages. The absence of collective bargaining right in Hong Kong and the fact that minimum wage is only reviewed every two years are again structural problems. We must pay attention to these problems.

PROF PATRICK LAU (in Cantonese): President, in the midst of an external economic turbulence, the Chief Executive has cautioned that Hong Kong might experience an economic downturn. As many colleagues have said, European countries like Greece and Italy are taking different fiscal restraint measures in the face of the debt crisis. They even asked China to purchase their national bonds. In the aftermath of the financial tsunami, the United States has resorted to selling national bonds and adopting the quantitative easing monetary policy (through the printing of money) to rescue the market and the entire banking system.

Friends living overseas told me in emails that many Americans have lost confidence in major banks charging high administrative fees. They have cancelled their bank accounts and started depositing money in non-profit making credit unions instead.

In order to meet future challenges, Hong Kong must be prepared to help people from all walks of life and enterprises to combat inflation and unemployment problems. This is the underlying spirit of today's motion.

As the Secretary has said, Hong Kong is a small-scale city economy which is open and highly susceptible to global economic fluctuations. Therefore, the authorities must save for the rainy days and formulate plans to help people tide over the difficult times.

Furthermore, as the European debt crisis has remained unresolved, it has brought uncertainties to the future economies. People worried that international financial "crocodiles" might take this opportunity to attack Hong Kong again. The Chief Executive has clearly expressed his concern that our financial market

might be impacted again when the next term government takes office in July next year. Hong Kong society must be psychologically prepared and expeditiously formulate emergency contingency plans.

When compared with Europe and the United States, Hong Kong at least sits on a hefty fiscal reserve. And yet, in the face of economic instability and volatility, what measures should the Government introduce and how resources can be utilized to help the public and the enterprises? I hope the Secretary will give a response later on. This is certainly a major challenge to our next Chief Executive.

I think that the Government must take care of the living of the grassroots and disadvantaged groups to ensure that the safety net can provide them with sufficient assistance, given that they are more susceptible to the volatile economy.

For the middle-class families, the most important problem to be dealt with is housing. Although cases of negative assets are increasing rapidly, property is nonetheless a more reliable investment in times of economic turbulence, thus property prices and rents still stand high. Another major issue is therefore how the Government can help the general public.

For people from different strata of society, they hope that the Government should tackle the problem of the general inflationary food prices and transport fares. We have recently heard many people expressing their dissatisfaction and concerns over the rising food prices. On the other hand, the high transportation fares has also reduced people's mobility. This has not only imposed excessive burden on wage earners, but also dampened the vitality of the entire community.

When the economy is unstable, the financial system may be more vulnerable to attacks and local enterprises often have to face the challenges of salary reduction and layoffs. Therefore, the Government should show more concern for enterprises in respect of credit and financing, and closely monitor the approval of loans by financial institutions.

As for the assistance provided to small and medium enterprises and small business operators, we should take the first step to address the rental issue, with a view to controlling the operating costs and improving the business environment, thereby minimizing the impact of inflation.

President, I consider it necessary to review the existing hawker policy in Hong Kong. This will not only allow people to be self-reliant and earn their own living, but also enrich the local characteristics. Certainly, in reviewing the hawker policy, we must take into consideration the interests of local shop operators and provide for stringent regulations on hygiene control. I remember that when Hong Kong experienced an economic downturn, hawkers had helped resolved many social problems.

Furthermore, the authorities must also step up efforts in supporting the social enterprises. This will not only secure the job opportunities of the disadvantaged groups against external influences, but also enable the authorities to continue providing services to the grassroots.

President, given that the impact of economic instability on the financial system is known, Hong Kong should develop industries in a diversified manner. Mr LEE Cheuk-yan just now said that the enterprises are very greedy. What suggestions does he have then? He did not put forth any proposals. So, let me put forward my suggestions.

I had asked the Director of Planning if large-scale shopping malls must be included in the planning of new development regions, as what we do now. Can we make reference to the overseas practice of operating "warehouse stores" and open large-scale shops selling affordable goods in the New Territories? In this way, shop operators can run their shops at low costs with the least decoration, and quality goods are sold at affordable prices, thus benefiting members of the public with the provision of quality products at affordable prices. Above all, it can provide stable job opportunities for employees. However, this proposal cannot be successful without good district planning.

All in all, I consider the planning blueprint very essential. Regardless of how we are going to develop, the authorities must formulate integrated and comprehensive urban plans. At present, many new towns only have residential but not commercial elements, and thus fail to provide any job opportunities. I therefore sincerely hope that the authorities will adopt an urban design which integrates both living and work in the development of new regions.

President, thank you.

MR JEFFREY LAM (in Cantonese): President, looking around the current world economic environment, Europe has plunged deeply into a debt crisis and not knowing what to do, whereas the United States has high unemployment rate, low consumption and slow recovery. Given that Hong Kong has long depended very much on the European and United States markets, it is therefore not surprising that our economic growth has been slackened and unemployment rate will pick up again.

This situation is evident in the reduced export volume in August. An alarm has just been sounded. If the financial tsunami returns, another wave of recession will soon set in. This is absolutely not alarmist talk.

President, the three major economies that are closely related to the economy of Hong Kong are the United States, Europe and China. Economic growth of the United States has remained stagnant and the unemployment rate in October reached a 9% high level. The country is therefore battered by problems inside and outside. Even China's economic growth has to slow down to ensure a soft landing. Nonetheless, the most worrying is the European debt crisis.

While the two major political parties of Greece are still arguing whether they should accept the rescue package offered by the Euro zone, the Greek Government decided to hold a referendum last week. Yet, the idea was soon scrapped and was replaced by the formation of a coalition government. When the focus of the world is on the handling of the critical situation, Greece is still indulging in political struggles. This is really annoying. If the rescue package cannot be implemented, the Greek Government will be pushed to the verge of bankruptcy. It will have no money to sustain its daily operation and pay the salaries and pensions of the civil servants; not to mention implement various social welfare policies.

The cause of this tragedy is, to a certain extent, attributable to the "excessive distribution of candies" by the Greek Government and its previous generous welfare policies. Once the financial bubble bursts, the Government will face serious problems.

Given the uncertainty prospect of the Hong Kong economy, the Government must monitor the ever-changing external economic fluctuations, and take note that owing to high inflation and rising operating cost due to the

implementation of the minimum wage, the living of the general public or the survival of the small and medium enterprises (SMEs) are subject to great variations.

President, the Government should introduce appropriate and effective measures to help people from all walks of life to cope with the situation. In particular, in order to help the grassroots, elderly and young people, the Government should introduce targeted measures which uphold the principles of prudent financial management and use the reserve optimally and appropriately. The Government should not spend too much on welfare and deplete the reserves.

Members may recall that when the financial turmoil hit us in 1997, we were able to combat the major financial crocodiles simply because our Government had a strong fiscal reserve. During the onslaught of the financial tsunami two years ago, the Government had taken heed of the advice given by the Economic Synergy and launched the Special Loan Guarantee Scheme which involved hundreds of billions of dollars. It aimed to improve the cash flow of SMEs and achieve the target of "supporting enterprises and preserving employment". Only by preserving employment can we stimulate economic activities and maintain economic growth. Therefore, we must use the reserves with foresight and in the most appropriate manner so as to benefit people from all walks of life.

President, regarding Miss Tanya CHAN's amendment, the business sector welcomes and appreciates her concern about SMEs' credit condition. Part (a) of her amendment proposes to further expand the existing Special Loan Guarantee Scheme (the Scheme) for SMEs.

However, the application period of the Scheme had ended late last year. I wonder how Miss CHAN would expand a scheme that can no longer receive any application. I am nonetheless very grateful to relay the quagmire and aspirations of SMEs to Miss CHAN.

In fact, members of the trade are most concerned about the difficulties of SMEs in taking loans from banks, which have tightened their credit. Given that the Scheme has ended, some SMEs are now in a period of repayment. However, under the current economic condition, SMEs find it very hard to take more loans and they can barely repay their loans either. Therefore, we urge the Government

to expeditiously re-launch another round of the Scheme. Furthermore, it is hoped that the Government will extend the repayment period of the last Scheme so that SMEs can have more flexible repayment schedules.

President, where do we have money to provide better welfare protection? To maintain a low tax regime to attract overseas investments is one of the important means. The Hong Kong General Chamber of Commerce has all along suggested the Government to reduce the profits tax to 15%. Although government income will decrease by about \$6.6 billion every year, its competitive edge will be enhanced by an immeasurable extent. When compared with the additional spending of \$6.5 billion resulted from the six-month lawsuit over the construction of the Hong Kong-Zhuhai-Macao Bridge, such a reduction of profits tax by \$6.6 billion is more meaningful and has more far-reaching implications.

President, when Mr Henry TANG was the Financial Secretary a few years ago, he had unprecedentedly abolished the estate duty and reduced red wine duty, thereby enhancing the overall competitiveness of our economy. We hope that the Government would proactively draw reference from these precedents and experiences, and lead Hong Kong to tide over the current difficulties.

President, I so submit.

MR WONG TING-KWONG (in Cantonese): President, while the global economy is facing an uncertain prospect, the financial difficulties of Europe and the United States have plagued the world. Hong Kong, being small in size and externally oriented, certainly cannot escape from these external influences. Earlier, the Chief Executive, Financial Secretary and the Chief Executive of the Hong Kong Monetary Authority had respectively commented on the global economy, and they expressed grave concern about the implication of the economic downturn of Europe and the United States on Hong Kong's economy.

The export volume of local products has reduced by one quarter in August 2011 when compared with the same period last year. Hong Kong's export industry has been ravaged by a drop in overseas demand. As far as I understand, purchase orders received by manufacturers operating in the Pearl River Delta (PRD) Region have reduced by 40% to 50% after Europe plunged into economic

recession early this year. Their performance has rapidly gone downhill. Many small and medium enterprises (SMEs) are currently having different problems, such as reduced purchase orders and sales volume, as well as tight cash flow. On the other hand, the rising inflation has significantly pushed up various costs, for instance, the costs of raw materials, the rents of offices and factories, the costs of equipment and labour, as well as the accelerated appreciation of Renminbi. The substantial increase in costs has reduced the amount of income. Under the threat of the European debt crisis, I am afraid that SMEs cannot stand any longer and may be forced to close down their business.

Yet, the future of SMEs is closely tied to the "rice bowls" of numerous employees. Once they close down, a large number of wage earners will become unemployed and subsequently they will lose their means of living. The entire society will suffer as a result. Therefore, for the sake of the whole community, the SAR Government should promptly provide assistance to SMEs and help them tide over the difficult times.

President, the Government should re-launch the Special Loan Guarantee Scheme. This is the proposal which many Members have coincidentally put forth in this Chamber. Under the Scheme introduced by the Government when the financial tsunami peaked in late 2008, each SME could apply for a maximum of \$12 million loan and the Government would provide a 80% guarantee. The Scheme was seen as a lifebuoy thrown to SMEs, and it had achieved satisfactory results. Furthermore, the risk borne by the Government in the provision of guarantee is absolutely not high because as at the end of 2010, the rate of bad debt was not significant. Nonetheless, this popular scheme had expired at the end of 2010 and was replaced by the SME Financing Guarantee Scheme launched by the Hong Kong Mortgage Corporation Limited. However, this Financing Guarantee Scheme has a high guarantee fee and banks are required to produce detailed records of business transactions with their clients before approval can be obtained. The procedures involved are complicated and have generated many additional costs during the process. Many banks have been deterred by the complicated procedures. As many local SMEs are in dire straits and are facing an economic risk no less than that of the financial tsunami, the Government should therefore expeditiously re-launch the Special Loan Guarantee Scheme to ensure that SMEs receive prompt assistance, thereby safeguarding the means of living of wage earners.

Secondly, in view of the difficulties faced by Hong Kong businessmen operating in the Mainland, the Government should enhance communication with the Central Government. It should strive to reduce the value-added-tax (VAT) rate for Hong Kong products entering the Mainland market, or pursue a change in the tax collection mode so as to address the adverse effect of the imposition of the VAT on Hong Kong enterprises, for instance, by deferring the imposition of tax to after sales so as to improve the cash flow of enterprises. Furthermore, given that the Mainland is promoting the upgrading and restructuring of enterprises, the Government should forge closer co-operation with the Guangdong Provincial Government and provide full-scale upgrading and transformation services for Hong Kong-owned enterprises operating in the PRD Region. The Government should consider consolidating HKSAR Government's Hong Kong Economic and Trade Office in Guangdong, Hong Kong Trade Development Council, Hong Kong Productivity Council, Vocational Training Council and all sorts of official, quasi-official and civilian chambers of commerce and SME associations. Also, it should work with the Mainland Government and civilian organizations and set up a one-stop transformation services centre for Hong Kong-owned SMEs in the PRD Region, with a view to providing one-stop services in upgrading and transformation for Hong Kong-owned SMEs. This centre can also guide and provide more support to Hong Kong-owned enterprises to migrate to those emerging industries which are considered as key industries in the Outline of the 12th Five-Year Plan.

Thirdly, in the long run, in order to groom Hong Kong brands and help our enterprises develop in the high value-added direction, the Government should set up a brand authority in Hong Kong. This agency will spearhead the grooming, ranking, promotion and protection works. It should also set up dedicated funds for brand building, as well as offer matching funds and low-interest loans to provide funds to SMEs for the development of their brands and products.

President, the original motion and various amendments seek to request the SAR Government to introduce effective measures to help people from all walks of life to tide over the difficult times. Although I will vote in support of the original motion and various amendments, I do have reservation about part (e) of Dr PAN Pey-chyou's amendment (I quote): "to abolish the mechanism whereby employees' contributions under the Mandatory Provident Fund System are used to offset severance payments and long service payments" (End of quote). Such a major change in the policy must be duly discussed by the community and in

particular, the Labour Advisory Board, and should only be introduced after a consensus has been reached. No single party should arbitrarily effect any changes.

President, I so submit.

MR RONNY TONG (in Cantonese): President, the topic under discussion today is pretty simple, and that is how we can help members of the public to combat economic fluctuations, especially inflationary problems. Common sense tells us that inflation can be tamed in three ways: first, adjusting or controlling the interest rate; second, adjusting or controlling the exchange rate; and third, to adjusting or controlling commodity prices.

However, the three measures are not applicable in Hong Kong. How can we help members of the public combat inflation then? President, the answer is not difficult. Unfortunately, Hong Kong is congenitally defective and is particularly susceptible to inflation. Let us not talk about the external influences as they are beyond our control; we can nonetheless do something about the local commodity prices. What I mean is that the prices of clothing, food, accommodation and transport have a vital bearing on people's livelihood.

I will talk about the housing issue later on. Let me start with clothing, food and transport, which are our basic living expenses. By enhancing the transparency and competitiveness of the business environment, we can actually lower the basic living expenses.

Economists generally agree that competition can effectively regulate prices. It is natural for a place with fair and open competition to determine a generally acceptable price level through market forces. This is simple logic. Unfortunately, while Hong Kong is a metropolis, the measures introduced to protect market competitiveness have far lagged behind other places. In Southeast Asia, Hong Kong is only comparable with North Korea and Laos, and is among the bottom of all civilized countries. Why would this happen? I think this is attributable to a mismatch in our political system and the supreme political power of the business sector.

Although the fair competition law is now under deliberation, many colleagues are still making strong calls in this Chamber claiming that the business sector does not accept this law, and urging the Government to postpone the enactment. However, I have recently noted two cases which precisely contradict with these remarks.

The first example is the "759 Store" incident. The selling of soft drinks by the Store owner has provoked the jealousy of those large-scale chained supermarkets, which then asked the suppliers to force the owner to raise the selling prices of soft drinks. Being a person with business conscience, the owner of the "759 Store" turned down the request, and consequently, the supplier stopped supplying soft drinks to him. In other words, even if someone intends to lower rather than raise commodity prices through competition, market forces alone cannot make this happen without the regulation of law.

Another example is a grocery store called "家農雜貨店" which has adopted a different approach. Using the sales tactics of selling more for smaller margins of profit, the store once sold each pack of instant noodle which costs \$2.7 at \$3 only. Although they earn a mere profit of \$0.3 per pack, the supermarkets still lodged complaints. In the end, the store owner bowed to the pressure and raised the selling price on a par with that of the supermarkets.

These two examples do not exist today, but are commonly found in Hong Kong nowadays. We are not lacking in examples over the past 10 or 20 years. This explains why Hong Kong residents (especially consumers) are forced to pay expensive and unreasonable prices in various perspectives.

In reviewing, this phenomenon is also found in the telecommunication industry. Since our telecommunication industry is regulated by the fair competition law, the fees and charges of mobile phone plans and mobile phones are lower than the rest of the world. This is the benefit that genuine competition brings to Hong Kong residents.

If this is the case, it is downright inappropriate for the Government to further stimulate consumption by handing out money in times of inflation. What the Government should do instead is to expeditiously enact a fair law to sustain competition.

Another way to combat inflation is related to housing. The high land-price policy adopted by Hong Kong all along has become one of the most unacceptable policies left behind from the colonial era. Under the high land-price policy, everyone is indirectly required to pay an exorbitant land tax. While the Government has pushed up land prices through auction, real estate developers have reaped further profits from the high land price. As a result, all industries, be it businesses operating in offices or shops, are required to raise their selling prices. In that case, how can we maintain the expenses on clothing, food, accommodation and transport at a reasonable level in times of inflation? President, this is absolutely impossible. Given that we cannot adopt the three established ways to combat inflation, I hope that the SAR Government would seriously consider how we can improve our economic environment, competitive environment and land supply. Thank you, President.

MR IP WAI-MING (in Cantonese): As many colleagues have described, the current Hong Kong economy is like the unsettling weather outside. From today's newspaper, I learnt that the Government has said, "Technically speaking, we might have slipped into a recession". To workers, they may not be able to understand these professional terms. However, the fact is that given the uncertain prospect, no one knows what will happen and how bad the situation will become. I am so glad that Dr Philip WONG proposed this motion today. We hope that the Government will prepare for the rainy days and take some precautionary measures.

As I have said before, workers are always the first to suffer in times of economic downturn, but the last to benefit in times of economic boom. In the aftermath of the financial turmoil which hit the world at the end of 2008, we had all been through a pretty tough year. Nonetheless, after about one year of relatively good days, we will probably face another wave of economic turbulence. I hope that after listening to the views of many colleagues, the Government will proactively do something to minimize the economic risks faced by Hong Kong residents.

Since colleagues have analysed from different perspectives, particularly from a macroscopic perspective and the economic structure, it is hoped that the Government will do more to help us tide over the difficult times. I am going to analyse from a microscopic perspective and suggest how I would like the

Government to help us tide over the difficult times. Particular light will shed on transport as the travelling expenses account for a substantial proportion of wage earners' expenditures.

The Staffs and Workers Union of Hong Kong Civil Airlines, which is affiliated to the Hong Kong Federation of Trade Unions (FTU), has conducted a survey on employees working at the airport. The findings showed that for most of the respondents, the expenses on travelling account for 10% to 20% of their income. Coupled with the time spent on travelling — if travelling time can be converted into monetary terms — the proportion can even be as high as 30% to 40%. President, among the airport staff who had been interviewed, half of them earn \$12,000 or less and the average daily travelling expense is \$41. It is even higher for employees living in New Territories East and on Hong Kong Island, which reach \$48 and \$58 respectively. Even if we deduct four days of rest days, the monthly travelling expenses still fall from \$1,200 to \$1,500. Half or less than half of the respondents earn \$12,000 or less. In other words, the lower the income, the higher proportion of travelling expenses. Therefore, we hope that the Government will put in more thoughts on how to alleviate the burden of travelling expenses on the grassroots, and workers in particular.

Let me repeat again. Regarding the cross-district transport subsidy scheme implemented by the Government, I have urged Secretary Matthew CHEUNG to expeditiously conduct a review. Although the Government has undertaken to report to the Panel on Manpower in January 2012, we want to put forth some concrete proposals. As many colleagues have said before, it is hoped that more improvements will be made to relax the limitations on the applicants, for instance, to apply on the basis of an individual instead of a family, or adopt a "dual track system". Furthermore, the means test should be abolished or have a higher threshold. We opine that for a two-person family, the limit of \$12,000 is really too low.

Some colleagues have talked about the problem of high transport cost earlier. The Government should urge the MTRCL to reduce its fares or provide more concessions to wage earners so as to induce other transport operators to follow suit. This is our request to the Government, the largest shareholder of the MTRCL. In particular, we are aware that the franchises of two bus companies, namely the Citybus Limited and Long Win Bus Company Limited, in the Airport and other areas are due to expire and a consultation is underway. We therefore

hope that when the franchises are renewed, the Government will impose additional requirements on the bus companies to provide concessions to employees living in remote areas. Also, we hope that the Government will design a monthly ticket scheme for all types of transport, so as to reduce grass-roots workers' travelling expenses. I think this is more practicable and viable.

President, I so submit.

DR RAYMOND HO (in Cantonese): President, the United States' sovereign credit rating has been downgraded by an international credit rating agency and its domestic unemployment rate has remained high. Meanwhile, the European sovereign debt is serious, and the Maastricht Treaty and the Stability and Growth Pact, both of which seek to keep the deficits of European countries within 3% of the GDP have failed totally. In Greece, the national debt is 150% of its GDP, 120% for Italy and 100% for Ireland and Portugal. Turning to China, there are signs of an economic slow-down, this is mainly due to, first, the export countries of China such as the United States and European Union have been hard hit by economic recession; second, inflation and real-estate bubbles, and third, excessive borrowing. All these are structural problems which can hardly be resolved in the short term.

All these unfavourable external factors have caused greater uncertainties to the economic forecasts of Hong Kong. Despite the satisfactory performance of the Hong Kong economy in the first half of the year with its year-on-year real growth rate reaching 6.3% and unemployment rate dropping to 3.2% which is the lowest in 13 years, can our externally-oriented economy stay unaffected under a fluctuating global economy?

Apart from unfavourable external factors, Hong Kong has other internal economic concerns, including the persistently high inflation rate and property prices. These internal factors have put immense pressure on people's livelihood, particularly the grassroots. In fact, Hong Kong is rather passive in face of these external economic fluctuations. As for inflation, Hong Kong is also left with very few effective countermeasures under the linked exchange rate system. Nevertheless, the Government is duty-bound to stay alert to the economic situation, so as to adopt appropriate measures to assist the people.

Certainly, the most important task is to stabilize our local employment market. The economic performance of Hong Kong is always closely linked to the development of the construction industry. The construction industry has employed over 300 000 people, including construction workers, professionals and technicians. Assuming that each household consists of 3.5 persons, the industry affects over 1 million of the 7 million people in Hong Kong. With the commencement of a number of large-scale public works projects one after the other in the past few years, the unemployment rate of the construction industry has dropped from the historic peak of 20% in 2003 to about the present 4.4%, though still higher than the general unemployment rate in Hong Kong. Thus, the Government must ensure that public works projects are taken forward steadily so as to provide employment opportunities for construction workers, and in turn stabilize the Hong Kong economy and reduce the negative impacts of external economic fluctuations on the local employment market.

On the other hand, the Government should strive to speed up the transformation of our economy and press ahead with the development of the six industries where we enjoy clear advantages, including medical services, environmental industries, testing and certification, educational services, innovation and technology as well as cultural and creative industries. The development of these industries can help lessen the over reliance of our economy on the finance and real-estate sector, which is a traditional sector vulnerable to and directly affected by external financial crises. Meanwhile, the authorities concerned should strengthen training programmes and employment support for the unemployed, so that they can expeditiously cope with the volatile economic environment and ever-changing employment requirements and successfully adapt to their new job.

In respect of real estate bubbles, high property prices and real estate hegemony are in fact not necessarily related. If property developers can really call the wind and summon the rain, if they can really monopolize the market, the real estate sector in Hong Kong will not only account for 5% of the GDP, which is lower than the real estate sector in Singapore which accounts for 10% of their GDP; and real estate stock prices will not be 20% to 40% lower than their net worth. Owing to the long waiting time for allocation of public rental housing (PRH) flats, many grass-roots people can only live in private rental housing and pay a high rent. Hence, the Government should expedite the construction of PRH flats and shorten the waiting time, so as to alleviate the burden of rents on

these people. In the meantime, the Government should stabilize the property market by adjusting the land supply, so as to keep property prices and rents at a relatively reasonable level and reduce people's expenditure on housing.

Undeniably, these measures take rather long time to bear fruit, but in the long run, these policies are conducive to the people. Moreover, the external economy will not complete its adjustment in the short term. The Government should monitor the actual economic situation and implement relief measures, such as rates concession, for the public when necessary so as to lessen the burden on their livelihood. In respect of public utilities' charges, the authorities concerned should also avoid taking the lead to increase tariffs, which will further stimulate the inflation rate.

President, external economic fluctuations are indeed not within our control. However, if such fluctuations have led to our own economic downturn and increased burdens on people's livelihood, the Government is duty-bound to adopt effective measures to help people tide over the difficult times. President, I so submit.

DR LAM TAI-FAI (in Cantonese): President, Hong Kong has a small and externally oriented economy, making it impossible to stay unaffected by global economic fluctuations. In the midst of the present global economic downturn and the proliferating European debt crisis, "Hong Kong's economic outlook is not optimistic", as Financial Secretary John TSANG has commented.

Under a turbulent economy, the Government, instead of being hidebound by conventions, must adopt versatile approaches and measures to assist people and small and medium enterprises (SMEs) to counteract crises.

President, I think the priority task of the Government is to launch special measures to support enterprises and preserve employment opportunities. Everyone knows that over 98% of the companies in Hong Kong are SMEs, employing over 1.2 million people. Hence, if SMEs cease to operate, they will trigger extensive business closures and layoffs and inevitably create a domino effect which in turn will deal a great blow to our economy and people's livelihood.

In face of the unstable global economy, which is like choppy sea and strong winds, banks have already started to tighten their cash flow and increased the lending requirements for SMEs, leaving many SMEs stranded with liquidity problems. In reply to my question this morning, Secretary Gregory SO said that the Government would launch timely and forceful measures when necessary. The statement obviously shows that the Government does not regard the present economic situation critical enough for it to launch forceful measures to assist SMEs.

I think members of the industry are saddened and frustrated if the Government does not even have an awareness of crises and market sensitivity. "Treat an illness early", as the saying goes, the Government must have foresight to nip crises in the bud. If the Government only offers a helping hand to SMEs when they are terminally ill, it may not be able to revive them.

At this critical moment, the Government should not devote all its energy and time on pressing ahead with the Competition Bill; instead, it should proactively counteract and lead the combat against the economic crisis now. It should decisively launch effective measures to assist SMEs in tiding over the difficulties. The Government has kept saying it will "remain vigilant" and "monitor the market closely", but it does not have any real actions and measures. The Government's reaction will only spark concerns among SMEs about its ability to counteract economic crises or even shatter their confidence in the Government.

In fact, in face of global economic crises, individual companies (particularly SMEs) simply do not have the power to withstand the economic fluctuations by themselves. They are in desperate need of and in total reliance on the Government's assistance and support.

For instance, regarding the question of credit financing for SMEs which I asked this morning, the Government should expeditiously relaunch the Special Loan Guarantee Scheme and provide a 80% loan guarantee ratio for SMEs, or at least increase the loan guarantee ratio of the two schemes (that is, the SMEs Loan Guarantee Scheme and the SMEs Financing Guarantee Scheme) to 80%, so as to assist SMEs in addressing their financing problems. I am afraid it will be too late if the Government waits until the coming year when the economy will be at its worst to offer its helping hand.

President, compared with the same period last year, the exports of Hong Kong products have dropped by 30% and 25% respectively in July and August this year, reflecting an increasingly stagnant export trade with overseas markets. Many members of the industry have relayed to me that purchase orders for this Christmas have dropped by 30% to 50%. The situation of the exports trade is indeed very difficult. Allowing trade members to enter the domestic sales markets on the Mainland will indeed be an excellent development direction. With a population of 1.3 billion, the Mainland is an enormous market booming with business opportunities and it is relatively less affected by the slopping global economy.

I thus hope that the SAR Government can adopt special measures to help SMEs develop their business in the domestic sales market on the Mainland. Hence, regarding section 39E of the Inland Revenue Ordinance and the taxation problem with "import processing" and "contract processing", the Government should expeditiously solve the problem, rather than maintaining a stubborn and rigid attitude. This is the same as leaving SMEs to fend for themselves, throttling their chance of developing their business on the Mainland.

Moreover, in respect of the "183-day taxation threshold" which has an impact on Hong Kong people working on the Mainland, I very much hope that the SAR Government can strive for a relaxation of the requirement with the Mainland government, so that Hong Kong people can be reassured when they develop their career or work on the Mainland.

Besides, the rising number of cases in which people have negative equity from 48 in the second quarter to 1 653 in the third quarter have already sounded an alarm. An unstable property market not only affects property owners, but also the economy. Thus, the Government must ensure that the property market remains stable and be cautious in controlling the quantity of land auctioned off and the time of land auctioning. Certainly, I also hope that the Government can initiate discussion with banks to prevent sudden hikes in mortgage rates, which will go beyond the affordability of mortgagors.

President, last but not least, I wish to urge the Government to think again and not to press ahead with the Competition Bill while ignoring the economic crisis that is now hitting the Hong Kong community. All tasks should be clearly prioritized. The Government should now expeditiously launch a series of

specific relief measures for SMEs, so as to assist them and the people in counteracting the economic crisis.

Actually, considerable time is required to examine and analyse the Competition Bill and to sort out various clauses and details. If the Bill is scrutinized perfunctorily and endorsed hastily, focusing only on completing the legislative process within this Legislative Session, I am afraid it will not do any good to SMEs and consumers, except giving a way out for large consortia. This will depart from the original legislative intent and only some lawyers will profit from the legislation.

President, I so submit.

MR ALAN LEONG (in Cantonese): President, we have recently learnt about cases in which small shop operators had to raise the prices of their products, allegedly due to pressure from supermarkets. As my party member Mr Ronny TONG has just said, a can of coke can be sold at \$2.7, which is a few 10 cents cheaper than those sold at supermarkets, and some grocery stores sell a pack of instant noodle at \$3, in a bid to get quick returns by selling at smaller profit margins while benefiting local residents. The cheaper products of these small shops could have benefited both the public and shop owners. However, the overwhelming monopolization of large consortia has deprived us of the chance to buy a can of coke or a package of instant noodle at a cheaper price. We are left with no choice but to shop at the two supermarket chain stores. The public's grievances against real estate hegemony have been further built up.

Originally, small shops and stores in the districts, which act as a buffer against price hikes of supermarkets, can provide an alternative for the grassroots to save an extra dollar wherever possible, and create employment opportunities for low-skilled or senior job-seekers. However, President, with much regrets, most of these shops which cannot beat the competition of large consortia have end up in closures. As not many manufacturing factories are now left in Hong Kong, the types of jobs offered in the market are very limited. Many low-skilled and low-education workers or new immigrants are left with no choice but to remain as manual workers, while senior job-seekers who are willing to work hard are usually not the choice of employers. In the end, they can only rely on social security assistance.

Unfortunately, in addition to the pressure of competition from supermarkets, running a shop President, high rentals in Hong Kong have made many small business starters back down from the idea of starting their businesses, for fear that they will lose their hard-earned savings. Moreover, frequent rent increases in shopping arcades of housing estates under The Link Management Limited (The Link) have ousted many small business operations which are not chain stores from the premises. In a visit to a shopping arcade in Sau Mau Ping two weeks ago, many shop tenants have relayed to me their difficulties.

President, Donald TSANG said earlier that rents reflected the state of the economy, which tended to be higher in a booming economy. While small business operations and small and medium enterprises (SMEs) are in a dire straits and hard pressed by the monthly high rents, our Chief Executive said sarcastically that the high rent in Hong Kong was comparable to its counterparts such as Manhattan, Tokyo and London, and that high rents were a price that all successful cities had to bear. President, having high rents do not necessarily mean that Hong Kong is successful; but rather, it means that the wealth in society is in the hands of a handful of people while SMEs, small shops or other shoestring business operations are ousted from the market and people are increasingly difficult to make a living.

Hence, Miss Tanya CHAN of the Civic Party has urged the Government in her amendment to review the existing hawker policy, and on the premise of not affecting the business environment for small businesses in the districts, to allow business starters to carry out trading in more diverse forms in the communities. At present, for ease of management, the SAR Government has strictly controlled the issuance of hawker licences, so as to minimize the number of street hawkers. However, this policy has deprived many people of the chance of employment. If people can be issued hawker licences to do small trading or do what they are good at, they can become self reliant, and social resources can then be deployed to help those more desperate in need of assistance. People who need to look after the families, such as women who look after the elderly family members and cannot work outside for a long time, can become a hawker and help with family income or earn some additional money.

President, in addition to reviewing the hawker policy, we also hope that the Government can assist small shop tenants who are ousted from shopping arcades managed by The Link. The operators of these shoestring businesses could have

provided the public with an alternative other than shopping at supermarkets or fast-food chain stores, but they are ousted by The Link due to their difficulty in meeting the rentals.

In fact, the Government can convert vacated school premises, idle industrial buildings or shopping arcades and carparks still owned by the Housing Authority into small shop spaces, so as to encourage previous shop tenants of The Link who could not afford the rentals or business starters to start their businesses in these areas, so that traditional traders can still be engaged in business while young people can have a chance to start their own business.

In fact, the existing community economic development programmes have also played a part in introducing economic activities into the districts and increasing the employment opportunities for grass-roots people in the community, thereby forming a neighbourhood network. This is an effective "district-oriented" effort for poverty alleviation. However, in contracting out these services, the Government often tends to support sizable and resource-abundant organizations, leaving small business operations or co-operative societies run by local people or organizations inviable. The Government should thus streamline the application procedures and simplify the application restrictions of these services, so that local people can have a priority in securing these service contracts.

The Government often says the economy of Hong Kong may take a u-turn anytime due to the stormy external economy and people may have nothing to fall back on if they are displaced. We thus urge the Government to make good use of the remaining term to expeditiously implement "anti-storm measures", so as to shield people and enterprises from possible unemployment *coup de main*. I hope Donald TSANG can do something good before his term ends.

President, I so submit.

MR ALBERT CHAN (in Cantonese): President, on assisting the public to cope with economic fluctuations, especially on assisting those people affected by economic fluctuations, I remember that I also helped some negative equity owners in 1997.

I remember at that time, when the problem of negative equity emerged, I led the potential owners of different property developments to meet with the parties concerned (including developers and banks) and seek their assistance. We were just like street mice, and all the media criticized those negative equity owners that they were bad losers.

When I met with many government officials, including Donald TSANG, to discuss the issue directly with them, I remember that Donald TSANG said very arrogantly that Hong Kong were used to facing such storms; the problems would disappear three to six months later and fluctuation in the property market was very common. Nevertheless, the problems caused by negative equity and the financial crisis in 1998 led to a plunge of the property market; and tens of thousands of families had to suffer from hardships.

I remember when I first handled the case of negative equity, I came into contact with a young couple, and one of them was a teacher. Actually, they were not living in my constituency. They lived in Ma On Shan and they bought a newly completed flat nearby. They cried and said that in the face of economic adversity and negative equity, they had thought of committing suicide by burning charcoal with their two children. They cried bitterly in my office.

Concerning the problems arising from economic adversity, the Government's attitude earlier gave people an impression that the government officials concerned were indifferent to the situation and arrogant, they did not grasp the problem and they did not feel the pain of the affected families and people.

President, how is the Government going to deal with economic adversity or the problems arisen? We can certainly make many specific proposals, for example, the Government can provide subsidies, make certain adjustments to its fiscal and financial policies or implement some practical relief measures.

Nonetheless, President, I believe most important of all, our economy is now controlled by two hegemonies, that is the financial hegemony and the real estate hegemony, and the general public are subject to their extortion in the event of economic fluctuations. The general public can hardly meet the attack. As in the case of an earthquake and a tsunami in Japan not long ago, when the place was plagued by a tsunami, those who could run were able to run uphill but those

who ran a bit slower would be drowned in the sea; that was why so many people were dead.

In the case of economic fluctuation, in order to reduce the impacts caused, we must reform the nature of our economy. I have voiced my views in this regard for many years. At present, our economy relies on the financial system, and as Hong Kong is such a small place, our financial system will definitely be subject to manipulation by the external market. Fortunately, we have the backing of our great Motherland, which can sometimes reduce the impact. Yet, Hong Kong is inevitably influenced by the external market. In order to reduce the impact, our local economy must have certain so-called local strategic plans and planning.

Let us take Singapore as an example, and quote some data for comparison. If we compare Hong Kong with Singapore, the proportion of our financial industry in the GDP has fallen from 19% in 2007 to 15% in 2009; the corresponding proportion in Singapore has increased from 11% in 2007 to 11.6% in 2009, and there is little difference. However, the proportion of the manufacturing sector in Singapore in its GDP was 22% in 2007 and 20% in 2009, whereas in Hong Kong, the manufacturing sector in our GDP is 2.8% in 2007 and 1.8% in 2009. From these figures, we can see the relationship between the manufacturing sector and the economy. If the manufacturing sector has a sound foundation and some products are for domestic sales, the local economy will not be seriously affected by fluctuations in the external economy. The existence of other pillars can reduce the shock to the local economy. This is just like the case of a house. If the whole house is just supported by two pillars, the house will very easily collapse when there are problems with one of the pillars. But, if the house is supported by more than 10 pillars, it will not collapse easily even if there are problems with one to two pillars. Thus, strategic economic planning is extremely important.

In fact, Hong Kong can develop diversified high value-added industries, which include high-end fashion, jewellery, healthcare, pharmaceutical and food processing industries, and so on, because our market has the strong backing of the Motherland. If these manufacturing and high-value added industries can be developed in Hong Kong, we can provide employment opportunities to more semi-skilled or skilled local workers and they would have higher incomes. If the

overall economy is supported by a few more pillars, the shock it suffered will be milder even when there are fluctuations in other aspects.

Nonetheless, the officials in Hong Kong are very often over ambitious and they only attach importance to our international status, and local needs are ignored. The situation in Hong Kong is abnormal as such; officials are impractical and overly ambitious, and they have great ambition but little talent. They try to gain international status and are apathetic to the livelihoods of the local people.

MS AUDREY EU (in Cantonese): When we discussed in this Council Mr LAU Kong-wah's motion on helping middle-class people last week, I especially mentioned the present situation in Hong Kong, that is, middle-class people found that they are facing increasing risks of downward mobility. This is actually closely related to our discussion today about assisting the public in coping with economic fluctuations. I would like to add a few points on the situation I mentioned last time.

The Government does not readily admit that middle-class people are facing increasing risks of downward mobility. I will not repeat the data I quoted last time, but I wish to supplement with another set of data. The data was collected by the Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong by interviewing 816 people by telephone in June this year. According to the findings, in regard to career development opportunities, only 24% of the interviewees thought that there was progress or improvement as compared with the previous generation; and 46% or nearly a half of them think that there was insufficient social mobility and the situation was getting worse.

This actually reflects the present situation. Our economy certainly has ups and downs. Generally speaking, the next generation should have more chances to move up the social ladder because their educational levels are higher. Why are there so many grievances in our society? People do not have much hope in the future, and they think that it is easier for the previous generation to achieve the goals such as home ownership or earn a living. However, the Government is unwilling to face up to the situation, which is one of the causes of people's grievances.

I would like to discuss today how the Government can help people face economic adversities, especially in respect of community economies. I remember Donald TSANG had previously said that the financial sector could support all Hong Kong people; but later, when he realized that this was not feasible, he promoted the development of the six industries where we enjoy clear advantages. Nevertheless, many similar schemes have only become effective after implementing for many years. Let us consider the six priority industries; there is no substantive progress indeed. So, in order to get faster results, the Government should consider developing the community economies. Let us take a look of some survey results. In 2007 and 2008, the community economies accounted for 17% of the GDP; and during the SARS outbreak and economic downturn in 2003, the community economies accounted for 22.4% of the GDP as shown in the Hong Kong Yearbook. As we can observe, in times of adverse economic circumstances, people would think of ways to tide over difficulties within a short period of time.

Among various proposals, I would particularly like to talk about a proposal which is of particular concern to Hong Kong people. In times of financial difficulties, some people will become hawkers. For this reason, I will focus on this issue today. The problem of the Government in connection with hawker policy is that it always focuses on how to manage hawkers. People often work as hawkers to help make ends meet when they are poor or when life becomes difficult. They may be working in the morning and hawking in the evening; or they may be working in the evening and hawking in the morning. They work really hard to make ends meet by various means. Another possibility is that they are temporarily out of work and they want to make a living by selling things.

The Government should help these people, support them or solve their problems instead of controlling or suppressing them, which is the problem we have frequently seen. The second issue is: which Policy Bureau is responsible for the management of hawkers? It is the Food and Health Bureau. Thus, the focus is on health, order and flow of people instead of how to help hawkers or how to help people make money flexibly in a suitable environment, so as to make ends meet in the short term. The third issue is manpower.

I would like to share some figures with Honourable colleagues. The ratio of Hawker Control Teams to hawkers and the ratio of the police to the public are very interesting. There are 191 Hawker Control Teams in Hong Kong and each

team approximately comprises eight persons, so there are 1 500 hawker control staff members. Let us look at the statistics on hawkers: there were 6 600 static hawker licences, 500 itinerant hawker licences and 1 900 unlicensed hawkers in 2010, according to the figures announced last year. Therefore, there were approximately 9 000 unlicensed, licensed, static and itinerant hawkers. The ratio of Hawker Control Teams to hawkers is 1 500 to 9 000, roughly 1 to 6. In other words, a Hawker Control Team member manages six hawkers. Let us take a look at the ratio of the police to the public: the ratio is roughly one police officer to 233 people. Hence, comparing the ratio of Hawker Control Teams to hawkers and the ratio of police officer to the public, we will find that Hawker Control Teams are over 30 times more powerful than the police.

If we consider the prosecution figures, we will find that Hawker Control Teams initiated prosecution on some 24 500 cases of unlicensed hawking last year, which implied that there were 80 cases of prosecution against hawkers in a day. We also notice when we read newspapers that conflicts occur frequently. When Hawker Control Teams arrested hawkers and the public queried why the arrest was made, the Hawker Control Teams said that since hawkers could not find a job, they might as well apply for CSSA. People were furious when they heard such comment. My office has also received cases seeking for help, for example an ex-mental patient selling newspapers in a very small stall has been arrested many times. I hope Hawker Control Teams would change their mindset, they should consider how they can help hawkers or how they can relocate hawkers to suitable places and handle the cases with discretion. If the Government can adopt this mindset in the future, I believe that it can also help people in coping with economic fluctuations, and allow them to make a living within a short period of time.

Thank you, President.

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

MR LEUNG KWOK-HUNG (in Cantonese): President, Honourable colleagues all said that economic fluctuations made ordinary people suffer and I think it is meaningless to make such comment. When LI Keqiang visited Hong Kong, he asked the Chief Executive to resolve deep-rooted conflicts but the development of

the financial industry should still be supported. This is a major policy that the Government has undertaken to implement, and Donald TSANG also said in Xinjiang that "he would definitely get the work done" and he had already instructed the appropriate authorities to implement these measures.

For this reason, when we discuss other policies, we must bear in mind that Hong Kong must become a centre of financial capitalism, to be in line with the Mainland policies. Having confirmed this main issue, we know that the main reasons causing sufferings to ordinary people or the labour sector in Hong Kong in the past will remain unchanged; a lot of wealth is still moving upwards but not downwards.

Many Members said that the Government must help the public. The first issue is the minimum wage President, please do not doze off. I remarked in the Legislative Council last year that \$33 could not catch up with inflation. Now that almost a year has passed, should the Government adjust the minimum wage as soon as possible? I attended a meeting against real estate hegemony in Mei Foo last evening. I had dinner in an ordinary roast meat restaurant and I paid \$46 for a plate of rice with roast meat, served with a bowl of soup or a cup of coffee free of charge. \$46 is almost equal to the wage of a worker for two hours of work. If the Government really wants to help the public, it should expeditiously adjust the minimum wage level. The original minimum wage level proposed was \$33 but it has been lowered to \$28; can this level be adjusted upwards? This is one of the issues. It would be very bad if the Government does not make any adjustment after it has advocated the implementation of the minimum wage, or fails to make inflation adjustments. The Government can evidently do so by means of an administrative order.

The second issue is about maximum working hours. After the implementation of the minimum wage, a large number of employers intentionally or unintentionally the Legislative Council is one of these employers as I have frequently noticed that staff members of the Legislative Council Secretariat work long hours and will only return home late at night. As they do not receive hourly wages, so they just work overtime without compensation. If an employer implied to a worker receiving hourly wages that he has to work an extra hour, can the worker refuse to do so? I have repeatedly discussed this conflict of not having maximum working hours.

The third issue is that many elderly people have no one to depend on I threw an egg at Donald TSANG but I missed. I am telling you, Donald TSANG that I will certainly hit you when I throw another egg next time. A large number of elderly people who have no one to depend on are relying on "fruit grant" for a living, but the "fruit grant" has never been adjusted. Some elderly persons rely on the Comprehensive Social Security Assistance (CSSA) for a living; however, the CSSA rate has neither been adjusted nor adjusted according to inflation. The Government has been unwilling to implement universal retirement protection to provide \$3,000 to each recipient. The amount of \$3,000 is already not enough, how can the Government help the poorest or the poorest 10%? This is the reason why I scorned Donald TSANG and threw things at him in this Council. Many people asked me why I threw things at him. Would those who asked me not to throw things at him please tell me, how we can help those people? Even though throwing things at him may not be able to help those people, I can at least tell the entire community that it is unjust for him not to help them. As I have written on the leaflet when I ran against IP Kwok-him in the election, now that the Government has \$1,200 billion, it should spend \$50 billion on the implementation of universal retirement protection to help the elderly and housewives in dire straits. Yet, the Government does nothing, a son would regard him as unfilial; a wise man would regard him as unjust and those who support him would regard him as shameless. No one bothers even if we talk a lot about hawkers and people at the lowest level. The Government has \$2,000 billion and does not use the money, and it is even going to reduce taxes, will it still have money to spend? That is a deep-rooted conflict.

President, the pan-democratic camp said that I should not have thrown eggs and intended to drive me out of the camp. I really want to thank the pan-democratic camp. I would like to highlight the fact that the Legislative Council is an unjust place where 30 Members without public mandate voted with 15 or 16 votes to turn down all proposals beneficial to the lower class in Hong Kong. I would like to ask Honourable colleagues: while we are sitting here, eating upstairs and performing our duties as Honourable Legislative Council Members, have ordinary people in Hong Kong be benefited because of our work? No, they have not. What attributes does this Council have that can earn others' respect? This building is so grand and beautiful, with so much money spent on the construction, while we are having meetings in this building, the people outside are getting more and more miserable, why should we be respected? Why should I respect this Council? I respect Jasper TSANG as an individual;

otherwise, I would have thrown something at him. What attributes does this Council have that can earn others' respect? As the Government is not worthy of respect, this Council is also not worthy of respect. A reporter from Canada asked me why I had thrown bananas. I asked him, if half of the members of the Parliament of Canada would be returned by a small-circle election, and the President would be elected by a small-circle election, would there be a riot?

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Dr Philip WONG, you may now speak on the three amendments. You may speak up to five minutes.

DR PHILIP WONG (in Cantonese): President, the motions I moved over the years have been focused on governance because I believe that Members are obligated to point out the problems. As regards how to address the problems, it is the work of a responsible government.

In order to help small and medium enterprises (SMEs) cope with the financial tsunami, the SAR Government launched the Special Loan Guarantee Scheme (Special Loan Scheme) in December 2008. As far as I know, from 2009 to 2010, around 39 000 applications were approved under the Special Loan Scheme and the loan amounts have exceeded \$96 billion. In view of the maturity of many loans in 2012, I believe many SMEs would then have a tighter cash flow.

With the cessation of the Special Loan Scheme in December 2010, the Hong Kong Mortgage Corporation Limited (HKMC) launched the SME Financing Guarantee Scheme (Guarantee Scheme). As at September 2011, 200 applications were received under the Guarantee Scheme and the loan amounts exceeded \$690 million. I estimate that the different responses of SMEs to the two schemes are somehow connected with the loan terms and procedures.

A friend of mine is a renowned "Taipan", and he has made some proposals targeting the deterioration in the global economic environment triggered by the European debt crisis. He proposed that the Government can consider re-introducing the Special Loan Scheme or restructuring the Guarantee Scheme. The Special Loan Scheme is more desirable than other loan schemes because the Government will provide guarantee coverage on 80% of the loans to eligible enterprises. Under the Guarantee Scheme and the SME Loan Guarantee Scheme, the Government will respectively provide guarantee coverage on 70% and 50% of the loans to eligible enterprises. His other proposals are as follows: the Government can consider standardizing all guarantee coverage to 80% of loans and waiving the guarantee fee; relaxing the use of loans under all loan schemes and allowing refinancing of maturing loans; adding revolving loans under all loan schemes to meet the requirements of SMEs for flexibility; as well as considering the standardization of all application procedures under various loan schemes for increased clarity. I believe these proposals should be highly valued and considered by the Government.

The amendments of Mr WONG Sing-chi and Dr PAN Pey-chyou included specific measures related to the long-term policies of the SAR Government. As it appears that some other specific measures are not closely related to the current economic hardships of the public and enterprises, I will not support them. Miss Tanya CHAN's amendment asks the Government to further expand the existing Special Loan Scheme. She obviously does not know that the Special Loan Scheme has ceased operation at the end of 2010, thus I cannot support "expanding" a scheme that has been shelved and no longer exists. Miss CHAN should understand that any number multiplied by zero is equal to zero. I hope the Government would seriously consider the re-introduction of this scheme and perfect it, so as to help SMEs tide over difficulties as Mr Jeffrey LAM, Mr WONG Ting-kwong and a few other Members have just remarked.

President, I so submit.

FINANCIAL SECRETARY (in Cantonese): President, I thank Members for their valuable views on the motion on "Assisting the public in coping with economic fluctuations".

The proposals and relief measures mentioned by Members today are related to different policy areas. I will forward the focal points of our discussion today to the Policy Bureaux concerned, so as to facilitate detailed consideration of the proposals.

First of all, I would like to take this opportunity to explain the Government's financial management principles. Disregarding whether the economic environment is favourable or unfavourable, we have always adhered to the basic principles of "prudent financial management and living within our means". Owing to the Government's prudent financial management in the past years, we can reserve sufficient resources to implement the principle of appropriate spending. In the past four years, we have introduced measures in light of different situations to alleviate people's hardships; the total amount involved is over \$170 billion. Regarding the policy proposals put forth by Members today, we will carefully review in detail its impact on government revenues and the use of resources.

Concerning government revenues, Hong Kong has always maintained a low and simple tax regime and we have been committed to maintaining a fair tax system and upholding the principles of neutrality. Since all proposed tax incentives or tax rate adjustments will affect the integrity and stability of government revenues and our tax system, we must consider very carefully the proposals made by Members, so as to ensure that the Government has sufficient revenues to meet our expenditure needs.

Regarding the use of resources, Article 107 of the Basic Law specifies that the Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product. When allocating our limited resources, we must take into account the relative importance and urgency of various items, set priorities and ensure prudent spending and appropriate use of public money, in order to provide necessary services to the public. The Government has implemented a range of recurrent and one-off measures for alleviating people's hardships; many of them have already been implemented and become effective. Some Members have proposed one-off relief measures and certain measures for increasing the Government's recurrent expenditures, which include reducing various taxes such

as salaries tax, and so on, as well as reducing various government fees and charges related to people's livelihood, providing electricity subsidies to residential households, waiving rents and rates of public rental housing, increasing the rent allowance for recipients of Comprehensive Social Security Assistance, and offering tax allowance to households with no property and living in private rental housing, and so on. We will not only have to study carefully the overall impact of each proposed measure on government finances, but also have to consider their actual effects on people from different sectors.

Hong Kong adheres to the "big market, small government" approach because we believe that economic efficiency can be most effectively stimulated through the market. "A big market" can increase the proportion of the private sectors in our economy, and through the market forces, our limited resources can be allocated and utilized in the most efficient way to bring the maximum benefits to the community. "A small government" can avoid the public sector from taking up too many social resources in our economy, and in maintaining the efficiency of resource allocation and use, regulation can be reduced to facilitate business operation and attract foreign investments.

Our target is to control the percentage of public expenditure in our GDP to 20% or less, so as to maintain the vitality and competitiveness of Hong Kong. We will keep government expenditure in line with economic growth to ensure that public services can meet the changing needs of the community. Apart from implementing short-term measures to deal with crisis and take care of people's livelihood, the Government should also have longer-term vision to provide for a rainy day and meet the needs of long-term economic development, as well as take into account its financial position in the long and medium term. In the long run, we must adhere to the principles of living within our means and prudent financial management, with a view to meeting a variety of future challenges. The fact that European countries need to adopt various fiscal austerity measures owing to the debt crisis exactly confirms the importance of a stable financial condition of the Government.

Moreover, Members have made a number of employment-related proposals. We firmly believe that employment is the most crucial factor for improving people's livelihood. The Government spares no effort in promoting employment and the Labour Department has taken diversified measures to promote the efficiency of the employment market and the flow of information on

job vacancy, so as to help job seekers find jobs more quickly and conveniently. The Employees Retraining Board is also committed to providing comprehensive and diversified training and retraining services to our labour force.

Within this term of government, we have successfully introduced legislation on the minimum wage to protect the grassroots' income from work, and we have also introduced the Work Incentive Transport Subsidy Scheme for needy workers. This allows the Government to suitably intervene into the market, without prejudice to a free economy, and provide effective support to grass-roots workers. As I have noticed, a few Members have asked the Government to advance the review of the statutory minimum wage level, so as to assist grass-roots workers in coping with inflation. The statutory minimum wage system is a new system in Hong Kong, so the Minimum Wage Commission needs to analyse and assess the real impact of the first statutory minimum wage level on the social, economic and employment situation. When the wage distribution data are available in the first quarter of next year after the implementation of the statutory minimum wage level, the Minimum Wage Commission will have to conduct detailed and prudent studies and analyses on these wage distribution data and the findings of other surveys, using an evidence-based approach. It also needs to fully consider the views of people from all walks of life, and review the statutory minimum wage level independently, objectively and impartially. Under the Minimum Wage Ordinance, the Minimum Wage Commission shall report to the Chief Executive-in-Council the statutory minimum wage level no later than before mid-November next year.

In today's debate, a lot of Members have talked about the industrial structure. Some Members opine that our industrial structure may be overly simplistic; thus our ability to withstand economic fluctuations has become weaker and our economic growth has been more volatile. Nevertheless, I would like to say that Hong Kong is a small and open economy. All industries, including the service and manufacturing industries, are dealing with large foreign markets and our service targets are overseas external economies. Anyway, being a small and open economy, Hong Kong must be affected by external economic fluctuations. If we analyse the relevant data and examine the situation of Hong Kong and that of similar small and open cities within the region, we will note that Hong Kong and these cities have very similar economic fluctuations.

There are remarks that Hong Kong relies too heavily on the financial sector; as a matter of fact, it only accounts for 15% of our GDP, more or less the same as the proportion in some cities with more mature modern service industries. The financial sector is an important link in the modern service industries in Hong Kong; hence, general speaking, in promoting the competitiveness of the service sector, we should also comprehensively enhance the competitiveness of the whole economy.

As regards the industrial structure, industrial development in Hong Kong has shifted from a low-cost and labour-intensive form of production to knowledge-based and high value-added production activities. We believe that the key to maintaining competitiveness is that we should gear towards the development of technology and innovation.

In order to maintain our competitiveness, our support measures must be focused on production activities where Hong Kong has comparative advantages and can promote the development of Hong Kong into a knowledge-based and high value-added society, which include our four pillars and the six priority industries.

Moreover, we will continue to promote infrastructural development and technical support. This includes the development of Science Park Phase III with a total development cost of \$4.9 billion, further promoting the development of high value-added production activities, and promoting and co-ordinating applied research and development within the major technology areas through five research and development centres, to encourage applied research and development and promote the transfer of technology to industry players.

Furthermore, our support measures even extend to the Hong Kong-owned enterprises in the Mainland. To help Hong Kong enterprises tap the Mainland market, the Chief Executive proposed in the Policy Address to set up a dedicated fund of \$1 billion to encourage enterprises to move up the value chain and build brands by leveraging Hong Kong's strengths in design. We will support Hong Kong enterprises in developing their brands, promoting domestic sales and upgrading and restructuring their operation in the Mainland.

President, in the face of a sharp deterioration in the external economic situation, the Government will be prepared and closely monitor changes in the external situation, giving particular concern to the difficulties faced by small and

medium enterprises (SMEs). When necessary, the Government will introduce timely and effective measures to help SMEs tide over difficulties.

In the debate today, many Members have mentioned the Special Loan Guarantee Scheme that the Government introduced during the financial tsunami. Some Members, including Mr Andrew LEUNG and Mr Jeffrey LAM expressed appreciation of the effectiveness of the Scheme at that time. As a matter of fact, the Special Loan Guarantee Scheme introduced by the Government had successfully performed the functions of "supporting enterprises and preserving employment". The Scheme was introduced in a decisive and timely manner, and had earned the recognition and commendation of many economies in the world. After the cessation of this Scheme, the Hong Kong Mortgage Corporation Limited (HKMC) launched the SME Financing Guarantee Scheme in response to market needs. It is a newly introduced scheme with a sustainable mechanism. Since the launching of the SME Financing Guarantee Scheme, the HKMC has been closely monitoring market changes and the financing needs of SMEs. It has also introduced a number of enhancements in October this year, to encourage banks to effectively meet the financing needs of enterprises, including SMEs, under this Financing Guarantee Scheme when the loan market is under pressure and the economic climate is difficult. The HKMC will continue to monitor market changes and the financing needs of SMEs, and introduce more enhancements. Yet, we must ensure the balanced and sustainable development of the relevant measures and schemes, so as to avoid unnecessary moral hazards.

In addition, we will review from time to time the operation of the SME Export Marketing Fund to provide timely support to local SMEs. Also, the Chief Executive proposed in the Policy Address announced last month that a dedicated fund of \$1 billion would be set up to encourage enterprises to move up the value chain and build brands by leveraging Hong Kong's strengths in design, to help Hong Kong enterprises tap the Mainland market.

Lastly, President, I would like to thank Members again for their valuable views on the motion on "Assisting the public in coping with economic fluctuations". We will give serious consideration to the views of all sectors.

President, I so submit. Thank you.

PRESIDENT (in Cantonese): I now call upon Mr WONG Sing-chi to move the amendment to the motion.

MR WONG SING-CHI (in Cantonese): President, I move that Dr Philip WONG's motion be amended.

Mr WONG Sing-chi moved the following amendment: (Translation)

"To delete "given the uncertain prospects of the global economy" after "That," and substitute with "as the Hong Kong economy is closely linked to the global economy, external economic fluctuations have profound and far-reaching impact on Hong Kong, and the prospects of the global economy are uncertain at present"; and to add "; focusing on Comprehensive Social Security Assistance (CSSA) recipients, the Government should adopt the following measure: to review the existing CSSA system, including shortening the interval of each adjustment cycle of CSSA, with special focus on rent allowance, so as to reflect more accurately the impact of price changes on CSSA recipients, and expeditiously reviewing the adequacy of the CSSA standard payment rates as well as the items to be included in the Social Security Assistance Index of Prices" immediately before the full stop"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Dr Philip WONG's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Dr Philip WONG rose to claim a division.

PRESIDENT (in Cantonese): Dr Philip WONG has claimed a division. The division bell will ring for five minutes.

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

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

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Ms LI Fung-ying, Dr Joseph LEE, Mr WONG Ting-kwong, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted for the amendment.

Dr Raymond HO, Mr Abraham SHEK and Prof Patrick LEUNG voted against the amendment.

Dr David LI, Mrs Sophie LEUNG, Dr Philip WONG, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM and Mr Andrew LEUNG abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr LAU Kong-wah, Ms Emily LAU, Mr TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Dr Priscilla LEUNG and Mr LEUNG Kwok-hung voted against the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, 16 were in favour of the amendment, three against it and eight abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 24 were in favour of the amendment and two against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Assisting the public in coping with economic fluctuations" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion on "Assisting the public in coping with economic fluctuations" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Dr PAN Pey-chyou, as the amendment by Mr WONG Sing-chi has been passed, you may now move your revised amendment.

DR PAN PEY-CHYOU (in Cantonese): President, I move that Dr Philip WONG's motion as amended by Mr WONG Sing-chi be further amended by my revised amendment.

Dr PAN Pey-chyou moved the following further amendment to the motion as amended by Mr WONG Sing-chi: (Translation)

"To add "; to ensure economic fluctuations do not impact on the employment and livelihood of local workers, the relevant measures should also include: (a) to formulate a mechanism for perfecting the management of foreign workers' employment in Hong Kong, so as to protect local workers' right of employment; (b) to advance the review of the statutory minimum wage level, so as to assist grass-root workers in coping with inflation; (c) to appoint more civil servants on permanent establishment, and improve the remunerations and grade structures of civil servants and other public officers, so as to provide a greater number of relatively stable employment opportunities; (d) to expand the various employment services, training and support schemes, and offer subsidies to students

enrolled on retraining courses, so as to enhance the competitiveness of manpower resources; (e) to abolish the mechanism whereby employers' contributions under the Mandatory Provident Fund System are used to offset severance payments and long service payments, so as to protect the amounts of Mandatory Provident Funds received by employees for their retirement protection from being offset and eroded due to business closures; (f) to relieve people's housing burden by, for example, constructing more public rental housing and offering a tax allowance to households with no property for renting private residential units; (g) to increase the amount of Elderly Healthcare Vouchers to \$1,000 per year and expand their scope of application, so as to assist the elderly in coping with increasing medical expenditure; (h) to introduce a 'monthly ticket scheme for all types of transport', so as to alleviate people's burden of travelling expenses on the public; (i) to construct more public markets under the Food and Environmental Hygiene Department in new towns, thereby providing residents with more choices of inexpensive and quality daily necessities; (j) to reduce the various taxes such as the salaries tax, etc. and the various government fees and charges related to people's livelihood, provide subsidies to residential electricity accounts, and waive public rental housing rents and rates, etc., so as to alleviate inflation pressure on the public; and (k) to promote the development of the six industries with competitive edge, restructure the manufacturing industries of Hong Kong, formulate the relevant development blueprint and timetable, and proactively initiate industrial diversification, so as to mitigate the impact of the fluctuations in the financial sector on Hong Kong's economy and employment" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr PAN Pey-chyou's amendment to Dr Philip WONG's motion as amended by Mr WONG Sing-chi be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Dr Philip WONG rose to claim a division.

PRESIDENT (in Cantonese): Dr Philip WONG has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Ms LI Fung-ying, Dr Joseph LEE, Mr WONG Ting-kwong, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou voted for the amendment.

Dr Raymond HO, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Prof Patrick LAU, Dr LAM Tai-fai and Dr Samson TAM voted against the amendment.

Dr David LI, Mrs Sophie LEUNG, Dr Philip WONG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHAN Kin-por and Mr Paul TSE abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr LAU Kong-wah, Ms Emily LAU, Mr

TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Dr Priscilla LEUNG and Mr LEUNG Kwok-hung voted against the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, 11 were in favour of the amendment, eight against it and seven abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 24 were in favour of the amendment and two 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.

PRESIDENT (in Cantonese): Miss Tanya CHAN, as the amendment by Mr WONG Sing-chi has been passed, you may now move your revised amendment.

MISS TANYA CHAN (in Cantonese): President, I move that Dr Philip WONG's motion as amended by Mr WONG Sing-chi be further amended by my revised amendment.

Miss Tanya CHAN moved the following further amendment to the motion as amended by Mr WONG Sing-chi: (Translation)

"To add "; the specific measures should include: (a) when necessary, to further expand the existing Special Loan Guarantee Scheme for small and medium enterprises ('SMEs'), including raising the maximum amount of loan guarantee and the guarantee ratio, so that SMEs can be granted sufficient working capital in a timely manner; (b) to closely monitor the vetting and approval of loans by banks, so as to ensure that banks have

sufficient capital and liquidity for maintaining the stability of the banking system and the financial market; (c) to review the operation and funding criteria of the existing SME Export Marketing Fund, so that SMEs can develop emerging markets through various channels and lessen their reliance on traditional markets; (d) to review the existing land supply policy for alleviating the fluctuations of the property market, so as to curb the upward trend in rentals and reduce the operating costs of businesses; (e) to review the existing hawker policy, and on the premise of not affecting the business environment for small businesses in the districts, to allow business starters to carry out trading in more diverse forms in the communities, so as to reduce business operators' rentals and operating costs; and (f) to promote the development of social enterprises more proactively, so as to create more employment opportunities for local workers, and avoid the deterioration of the unemployment situation due to changes in economic conditions" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Miss Tanya CHAN's amendment to Dr Philip WONG's motion as amended by Mr WONG Sing-chi be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Dr Philip WONG rose to claim a division.

PRESIDENT (in Cantonese): Dr Philip WONG has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Ms Miriam LAU, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Dr Joseph LEE, Mr WONG Ting-kwong, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted for the amendment.

Dr Raymond HO, Mr Abraham SHEK and Prof Patrick LAU voted against the amendment.

Dr David LI, Mrs Sophie LEUNG, Dr Philip WONG, Mr Jeffrey LAM and Mr Andrew LEUNG abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr LAU Kong-wah, Ms Emily LAU, Mr TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Dr Priscilla LEUNG and Mr LEUNG Kwok-hung voted against the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, 19 were in favour of the amendment, three against it and five abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 24 were in favour of the amendment and two against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Dr Philip WONG, you may now reply and you have four minutes 27 seconds.

DR PHILIP WONG (in Cantonese): President, I thank the Secretary for responding just now to the views expressed by the 24 Members who have spoken. As I have just said, the most important purpose of my motion is to point out the problems. In my opinion, in the midst of global economic downturn and sluggish demand, the Government should step up monitoring, lower risk factors and guard against external market fluctuations which will affect our economy. On the other hand, it should assist the public, organizations and enterprises wherever possible, in counteracting inflation and employment difficulties as well as developing the Mainland market by relaunching and expanding the credit guarantee scheme. I would not wish to see people, organizations or small and medium enterprises suffer economic losses or end up in business closures in future due to the Government's failure in adopting measures which it should have adopted today. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr Philip WONG, as amended by Mr WONG Sing-chi and Miss Tanya CHAN, be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion as amended passed.

PRESIDENT (in Cantonese): Second motion: Comprehensively reviewing the Disability Allowance scheme.

Members who wish to speak in the debate on the motion will please press the "Request to speak" button.

I now call upon Mr WONG Kwok-hing to speak and move the motion.

COMPREHENSIVELY REVIEWING THE DISABILITY ALLOWANCE SCHEME

MR WONG KWOK-HING (in Cantonese): President, today, when I propose a motion on comprehensively reviewing the Disability Allowance (DA) scheme, I have to first express my gratitude to an amputee, Mr LEE Shing-leung. Over the past five years, he has persevered in striving for the basic rights of persons with disabilities (PWDs), he has displayed the unswerving spirit comparable to that of leading character Qiu Ju in the film "The Story of Qiu Ju" who tried to seek justice through lawsuit.

Today, before the meeting of the Legislative Council, Mr LEE came to the Legislative Council Complex to stage a protest and intended to submit a petition to Secretary Matthew CHEUNG. He also agreed to display a model of his amputated leg openly to all the people of Hong Kong at the Legislative Council, requesting all Members of the Legislative Council and the people of Hong Kong to give comments on his case. Should a man who has lost one leg be regarded

as a PWD? Should a man who has lost one leg be granted DA? Should a man who has lost one leg be entitled to the new measure of concessionary fare of \$2 a trip? If not, is the Government right in doing so? Is there something wrong with the policy of the Government? Is the Government being too harsh? I implore everyone in Hong Kong and all Members of the Legislative Council to give a fair comment.

President, I do not have a script for my speech today on this motion, for I consider the report of the Direct Investigation published by the Office of the Ombudsman (OFOMB) the best script. On 11 November 2007, Mr LEE Shing-leung, a barge worker, suffered injury at work, and his right leg was amputated to save his life. Despite repeated applications for DA, he had been turned down by the Social Welfare Department (SWD) for DA. In view of his helplessness, I assisted him to make a complaint to the OFOMB on 2 December 2008. Ms Alice TAI was the then Ombudsman, and I have to thank her for initiating the direct investigation. In October 2009, the OFOMB published the report of the Direct Investigation, and Mr Alan LAI was the incumbent Ombudsman. Hence, the wording of the motion I proposed today is quoted exactly from the report of the Direct Investigation of the OFOMB. I would like to take this opportunity to express my gratitude to the former and incumbent Ombudsman Ms Alice TAI and Mr Alan LAI respectively. Had I adopted other remarks to criticize the Government, the comments would have been regarded as "radical" and not objective enough, but now I quoted the comments from the report of the OFOMB, I believe it will definitely be more agreeable.

In my view, the wordings of the OFOMB report are impressive, insightful, judicious and accurate. However, the Government has probably turned a deaf ear to the report; otherwise, it would not have taken no actions in response and conducted no review at all over the past couple of years. The report has been uploaded on the Internet. I have issued a copy to Members, whereas the public may read the report on the Internet.

First, I have to point out the five offences on the part of the Government in the procrastination of the review and the failure to take on board the issues. The meaning of failing to "take on board", which is quoted from the OFOMB report, means that utterly no follow-up actions have been carried out. The phrase states how the Ombudsman had criticized the Labour and Welfare Bureau and the SWD. The five offences include, first, turning a deaf ear to the requests from

the Hospital Authority (HA), professional bodies and patients organizations over the years. Second, since April 2007, the HA has repeatedly urged the SWD to conduct a review — I do not make these comments, I quote them from the Executive Summary of the report — but the Government ignored the request. Third, the HA has requested for the re-examination of the eligibility criteria, but the authorities paid no heed despite the request was made by doctors of the HA. Fourth, in October 2009, the OFOMB requested the Government to conduct an overall review, President, it was a request for an "overall review", but has the Government done so? The answer is in the negative. Fifth, PWDs have repeatedly requested for such a review over the years, including Mr LEE Shing-leung whom I had accompanied to put forth such a request after he became disabled, but yet the request has been ignored. These are the five offences of the Government.

In the report of the OFOMB, it only requested the Government to conduct a review on three areas. First, it is the "problems with the eligibility criteria", this phrase must be put in quotation marks, for it is the exact wording quoted from the report, and I have not added a single word. Second, the remark should also be in quotation marks, that is, "SWD's shirking of responsibility for deciding". The words "shirking of responsibility" are well expressed. What a good scolding! I must use the term "scolding". Third, it is the "lack of transparency on appeals", this remark is also in quotation marks. I have never thought that the Ombudsman would have made such severe criticisms against the Government, far beyond the severity of criticisms made by Members. I use the term "scolding", for it reflects the unreasonableness of the Government.

Since the report has made criticisms in three areas, I will now expound on the criticisms made by the Ombudsman one by one. Concerning the eligibility criteria, it is criticized in the report that it has been 38 years since the formulation of the eligibility criteria in 1973, and the criteria are thus obsolete now. Second, it is obvious that the eligibility criteria are irrelevant to employment, so how can it be linked to employment glibly? This practice does not conform to the original intention of the DA scheme. According to the report, it is against or incompatible with the "original intention" of the scheme. Third, the authorities should conduct a thorough review, but it continued to disregard this request.

The report urged the authorities to review the eligibility criteria from four perspectives. The salient points I am going to give should all be put in quotations marks. I have already printed out the report and the Government

cannot dodge the problem any more. First, it is about the criterion for "working in the original occupation and performing any other kind of work for which he or she is suited". May I ask whether LEE Shing-leung can continue to work on barges after losing one leg? He wants to change job and work as a security staff, but will he be employed? He did follow the instruction of the Government to seek employment at the Labour Department, but had the Labour Department introduced any job to him? No. Yet, doctors have not considered these factors. Why professional social workers are not allowed to be involved in the assessment?

The second perspective is that only persons with "100% loss of earning capacity" will be granted DA, and the OFOMB criticized this requirement for being obsolete. In the case of LEE Shing-leung who has lost one leg, his degree of disabilities was graded at 65% in the assessment. In other words, he has to lose one more leg or another hand to be graded as 100% disabled. How callous it is that the loss of one limb is not regarded as disabled? Why the allowance cannot be paid on a pro rata basis? Since LEE Shing-leung's level of disability has been graded as 65%, he should be granted payment equivalent to 65% of DA. The third issue is about the "crude and outdated classification", for there is indeed no classification. The fourth issue is the existence of "unclear areas", everything is but a mess.

On the other hand, the report criticized the role and function of the SWD from four aspects, each and every criticism was accurate and specific. First, there was the problem of the "lack of measures for consistency" regarding the assessments and the "SWD's responsibility to initiate consultation". The SWD was evading its responsibility in actuality, and this was dereliction of duty. It shifted all the responsibilities to doctors when doctors had made it clear that they could not do so. Second, staff were required to "clarify with the doctors", but as stated in the report, they had rarely done so. Third, the requirements imposed on "staff for processing applications" were "not reasonable" and "not realistic", for those staff members were only clerical staff who were unable to make such judgment. Hence, the OFOMB considered the arrangement unreasonable. Fourth, in respect of the "notification of result", applicants were "deprived of the right to know the reason(s) for refusal". President, do you know what that means? It means when an application is rejected, the authorities will not give reasons for the refusal. It is utterly ridiculous. Before I tell Members a story, I will state the criticisms about the appeal mechanism.

The third aspect was about the three comments made by the OFOMB on the "transparency of the deliberations". First, the authorities gave no reason for its decision, that is, it would not give any explanation as to why the application was approved or rejected. Second, it gave no details about the deliberations. Third, neither the appellants nor the doctors making subsequent assessment were apprised of the rationale for the Appeal Board's decisions, for all the information was not disclosed, which resulted in the lack of transparency.

President, there is a comic mocking the dictatorship of government officials with the Chinese character "官" comprising two "口" (meaning mouth). Yesterday, I staged a press conference for Mr KWAN who suffered from pulmonary tuberculosis, leading to bone infection by bacteria, and subsequently his left leg was shortened by two inches due to avascular necrosis. He has been granted DA for six consecutive years since 2001, but six years later, he was not granted the allowance after another assessment. This is exactly an example of the dictatorship of government officials, is it not? They can make any decisions they like, not having to give any reason for ceasing the allowance. Today, the authorities are still acting this way at this time. It is utterly ridiculous.

The Ombudsman has put forth eight recommendations, requesting the authorities to conduct an overall review. Let me read our all the recommendations quickly. First, "review the eligibility criteria"; second, "review and revise the Medical Assessment Form"; third, "arrange regular audit of cases"; fourth, "clear discrepancy with HA and the Department of Health"; fifth, "refine guidelines for staff"; sixth, "revise the notification letter giving specific reason(s) for refusal"; seventh, "record in detail the deliberations of the appeal and factors for consideration"; and eighth, "..... an overall review of the DA scheme, covering the eligibility criteria, the roles of medical doctors and the SWD as well as the assessment mechanism". President, while it is acceptable that the authorities do not listen to the views of Members, it is regrettable that they turn a deaf ear to the recommendations of the Ombudsman and ignore the actions proposed to be taken by the Ombudsman.

In the Policy Address this year, the Government proposes a new measure to enable the elderly and persons with disabilities to a concessionary fare of \$2 a trip. Though Mr LEE Shing-leung has obtained the Registration Card for People with Disabilities (the Registration Card), the card is rubbish. When he takes the MTR, he is not entitled to half-fare concession but has to pay full fare.

Is it fair to require a man losing one leg to pay full fare as others? Since he has not been granted DA, he cannot benefit from the concessionary fare of \$2 a trip introduced by the Government though he has already completed the registration and obtained the card.

At present, there are 57 600 holders of the Registration Card, but it does not mean that all of them can enjoy the concessionary fare of \$2 a trip. Is that fair? May I ask all the people of Hong Kong and all taxpayers, do you want your money to be spent on PWDs for their benefit? Why do the authorities have to create unfair and unjust treatment through this new measure? Why should it be so harsh? The Government has turned a benign measure into a draconian measure, dividing PWDs into two classes. Why does the Government do so, why does it create divisions and second-class PWDs?

I understand that it takes time to conduct an overall review on the DA scheme, but since the concessionary transport fare of \$2 a trip is a new measure, is it possible for the authorities to enable all PWDs to benefit from this new measure prior to the completion of the review?

President, I solemnly advise the Secretary, I hope the authorities will adopt a flexible approach to enable all PWDs to enjoy the concessionary transport of \$2 a trip. I have to make it clear to the Secretary and the Government that if this request is being turned down and if any PWDs holding the Registration Card is unable to benefit from this new measure upon its implementation, I will definitely go on a hunger strike on the day of implementation. I cannot but adopt this self-destructive approach to express the deep grievance and strong protest of holders of the Registration Card, and to denounce the obstinacy of the Administration.

Mr WONG Kwok-hing moved the following motion: (Translation)

"That Hong Kong's existing Disability Allowance ('DA') scheme was formulated in 1973 and, after some 30 years of operation, the protection provided by the scheme has become outdated; some people with disabilities ('PWDs') (such as people with loss of one limb) are even not entitled to the allowance and not issued with the Registration Card for People with Disabilities because the scheme was inflexible, thus rendering

them unable to enjoy MTR half-fare concessions for PWDs; in this connection, this Council urges the Administration to comprehensively review the DA scheme, so as to meet the needs of society today; the relevant review should include:

- (a) to review the criteria for the granting of DA, including granting an allowance proportionate to the degree of disability of the applicant;
- (b) to consider including professional social workers' 'whole-person assessment' as one of the criteria in the vetting and approval process, rather than relying solely on medical practitioners for determining applicant's eligibility or otherwise based on the degree of disability of the applicant;
- (c) to review the Medical Assessment Form and the checklist used for assessing a DA applicant's degree of disability, and clearly specify the definition of and criteria on 'visceral diseases';
- (d) to comprehensively review the definition of 'severely disabled' under the existing DA scheme, and relax the criteria in the First Schedule to the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), i.e. a degree of disability broadly equivalent to a 100% loss of earning capacity, so as to strengthen the protection of PWDs; and
- (e) to comprehensively review the applicability of the various public transport concessions available at present to PWDs and the payment arrangements."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr WONG Kwok-hing be passed.

PRESIDENT (in Cantonese): Four Members will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the four amendments.

I will first call upon Mr WONG Sing-chi to speak, to be followed by Mr TAM Yiu-chung, Dr PAN Pey-chyou and Mr Ronny TONG respectively; but they may not move the amendments at this stage.

MR WONG SING-CHI (in Cantonese): President, the Democratic Party supports the motion put forth by Mr WONG Kwok-hing today on the comprehensive review of the Disability Allowance (DA) scheme. I propose an amendment to the motion, "to apply the concept of Portable Comprehensive Social Security Assistance (PCSSA) Scheme to DA and remove the permissible limit of absence from Hong Kong, so that eligible people with disabilities (PWDs) residing in Guangdong and Fujian can also receive DA." In other words, PWDs living in Guangdong Province and Fujian Province will be exempted from complying with the residence requirement of residing in Hong Kong for not less than 60 days in a year to be eligible to a full-year allowance. According to the existing practice, any recipient who has resided in Hong Kong for less than 60 days in a payment year will not be entitled to any absence allowance, he will only be granted the allowance for the periods during which the recipient has resided in Hong Kong.

At present, elderly recipients of the Comprehensive Social Security Assistance (CSSA) Scheme who choose to retire in Guangdong Province or Fujian Province may apply for assistance under the PCSSA Scheme. Eligible applicants living in Guangdong Province or Fujian Province may have their CSSA payment transmitted from their Hong Kong bank accounts to their accounts in the Mainland and then collect the payment there.

We have proposed to the Government to relax the restriction on the "fruit grant", so that elderly persons retiring in Guangdong Province and Fujian Province may collect their "fruit grant" in the Mainland. In the Policy Address this year, the Chief Executive introduces the "Guangdong Scheme" to allow Hong Kong elderly living in Guangdong Province to receive the same amount of "fruit grant" in Guangdong without the need to come back to Hong Kong.

President, in fact, PWDs also have the problem of impaired mobility like the elderly, and the mobility disabilities of some PWDs are worse than that of the elderly. If they have moved to Guangdong Province or Fujian Province, it is too unsympathetic to require them to come back to Hong Kong solely for the purpose

of meeting the requirement on permissible absence of stay. In fact, they move to Guangdong Province or Fujian Province only because of the environment or in the hope of alleviating the burden of their family members, for they may be taken care of by their family members there. If that is the case, the Government is too harsh in insisting that they should return to Hong Kong for a stay of 60 days. I think the Government should give more thoughts in this respect. Hence, the Democratic Party hopes that the Government will apply the concept of the PCSSA Scheme to DA and remove the permissible limit of absence from Hong Kong, so that eligible PWDs residing in Guangdong and Fujian can also receive DA without the need to come back to Hong Kong. In my view, if this benefit is offered to the elderly, why can it not be offered to PWDs?

Since the Government has implemented this special measure for the elderly under the CSSA Scheme and the scheme on "fruit grant", it means that a mechanism has been put in place on handling the allowance of recipients not residing in Hong Kong. Hence, I believe that even if the "Guangdong Scheme" is extended to cover PWDs, the technical difficulties will not be great. On the contrary, I think that the Government has often been As many Members have criticized the Government earlier, we are not saying that the Government has done nothing, just that its actions are piecemeal. Since it only makes piecemeal improvement each time, we really wonder if we should give our support. Really, we are confused. I do not know why the Government acts this way, for the Government does not lack funds or technical support. It always says that certain policies involve double benefits, so it insists on not implementing such policies. However, people suffer as the Government beats around the bush; only that the Government is not aware of this situation.

Moreover, we agree that there are many inadequacies with the existing DA scheme, which prevent PWDs from getting the benefits. The SAR Government provides DA to PWDs and Old Age Allowance (OAA) to the elderly, but for elderly people with severe disabilities, they are not allowed to receive the two allowances simultaneously even though they are eligible for both DA and OAA. In reply to Members' questions, the Government points out that the practice seeks to avoid the provision of double benefits. However, how much money is involved? I wonder why the Government thinks this way.

We would like to ask the Government, since DA is the benefit for PWDs and OAA is the benefit for the elderly, why is it that an elderly person with severe disabilities cannot receive the two allowances at the same time? Does it mean that PWDs should not grow old? Does it mean that the Government refuses to admit that people with severe disabilities will grow old? There may be cases in which people deny being old, but now the Government forces PWDs to deny their old age. Why should the Government adopt such a practice?

Hence, regarding the many proposals on reviewing the system, as mentioned by Mr WONG Kwok-hing in the original motion, the Democratic Party supports them all. The principle for granting DA is to provide assistance to PWDs to alleviate their pressure in daily life. However, due to the fossilized definition on severe disabilities under the existing DA system, certain PWDs in need are not granted DA. As such, we consider that certain mechanisms on DA should be reformed, so that PWDs in need can get the benefit.

Today, during the motion debate on the review of DA, I would like to take the opportunities to express my concern to carers of PWDs. In addition to the well-being of PWDs, the Democratic Party is also concerned about the situation of their carers. Over the years, we have been striving for the provision of carers' allowance to people offering unpaid care service to elderly people, PWDs and children who are incapable to take care of themselves, but the Government continues to turn a deaf ear to our request. In addition, we think the Government should provide service support to these carers, such as the implementation of additional measures to provide community care services. In this respect, I know that the Government will introduce some measures soon, but they are again "betwixt and between" measures which can enable neither PWDs nor their carers to lead a decent life.

Hence, the Democratic Party urges the Government to reform the DA scheme as soon as possible to enable existing DA recipients and other PWDs in need to benefit.

I so submit.

MR TAM YIU-CHUNG (in Cantonese): President, the SAR Government is obliged to provide adequate and appropriate financial assistance and livelihood protection to people with disabilities (PWDs); this obligation is unquestionable. However, if we take a closer look at the existing Disability Allowance (DA) scheme, we can easily identify many rooms for improvement in order to meet the needs of PWDs.

The DA scheme, which was set up in 1973, has been in operation for almost 30 years, yet the authorities have never conducted a comprehensive review and reform. As such, as early as October 2009, the Office of the Ombudsman (OFOMB) pointed out in its investigation report that there were problems of the DA scheme in the aspects of eligibility criteria, the role of the Social Welfare Department (SWD) in approving the allowance and the appeal mechanism, and so on; the OFOMB also requested the authorities to review the implementation arrangement of the scheme. Mr WONG Kwok-hing has pointed out in detail the content of the report of the OFOMB.

Moreover, under the existing DA scheme, the definition for "severe disabilities", the approval criteria and the eligibility criteria are seriously divorced from the actual situation in society today. Consequently, many PWDs cannot receive the allowance, or the allowance received is low, or they cannot enjoy the transport concessions provided for PWDs. As mentioned by Mr WONG Kwok-hing earlier, some PWDs may not be able to enjoy the concessionary fare of \$2 a trip to be implemented next year. Hence, the authorities must conduct an overall review and reform the existing DA scheme.

As regards how the existing DA scheme can be reformed, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) considers that the authorities must base on the policy objectives of the DA scheme to remove the obsolete and unnecessary restrictions under the existing scheme.

First, the objective of the Government in providing DA is to provide assistance to those severely disabled residents for meeting their special needs arising from disability. The cash assistance provided under this measure is independent from the financial and employment status of applicants.

At present, the authorities adopt "severely disabled" as the main criterion for assessing the eligibility for DA, but according to the present definition of

"severely disabled", the applicant must suffer from "100% loss of earning capacity"; the requirement is too harsh. Hence, the authorities need to relax or even abolish the requirement.

Moreover, the assessment process for approving DA only involves the medical assessment conducted by doctors, which is almost the only assessment criterion to be based on. However, the practice of relying on medical assessments alone can merely reflect the physical and health condition of the applicants, whereas the other conditions of the applicants cannot be assessed comprehensively. At the same time, the professional checklist and the Medical Assessment Form (MAF) which doctors based upon in conducting the medical assessment are very inadequate and out-dated. For instance, definition and criteria for visceral disability have not been laid down. Hence, in processing the application, the assessment of professional social workers should be included as one of the assessment criteria, and the professional checklist and the MAF should be updated and improved comprehensively.

Moreover, elderly recipients of DA cannot receive OAA (commonly know as "fruit grant") at the same time. This has caused some problems. Recently, when I visited various districts to meet with elderly recipients of DA, they expressed to me their anger about the unreasonable arrangement of disallowing elderly recipients of DA to receive "fruit grant" at the same time. In their view, the two allowances are meant for two different conditions. One allowance is granted to senior citizens, so a person aged over 70 is naturally eligible for "fruit grant". As for the other allowance, that is, DA, only persons with disabilities and defects can apply for it. Since the two allowances, namely "fruit grant" and DA, are granted based on different criteria, there are no reasons why recipients cannot receive the two allowances at the same time.

Indeed, I very much agree with the above opinions. I told him that the DAB had reflected the issue to the Government repeatedly, but the authorities refused to allow elderly recipients of DA to simultaneously receive "fruit grant" on the grounds of avoiding the provision of "double benefits". In this connection, I hope the Secretary will give further explanation later, telling us whether the authorities still adopt this rationale as the reason for rejecting the request?

According to my understanding, applicants are not required to undergo means tests to be eligible for DA and "fruit grant". However, the arrangement of allowing elderly recipients of the DA to receive "fruit grant" should not be regarded as receiving "double benefits". Since the policy intent of "fruit grant" is to pay tribute to the elderly for their past contribution to Hong Kong society, all elderly above the age of 70 should be entitled to this allowance. As for DA, it aims at providing livelihood assistance to persons with disabilities. The two allowances are provided to fulfil different policy objectives. As such, why should the authorities deprive elderly recipients of DA aged 70 or above of the \$1,035 they are entitled to?

President, finally, I would like to talk about the various amendments to be put forth shortly. The DAB basically supports and agrees with the motion proposed by Mr WONG Kwok-hing and the various amendments. As for the amendment proposed by Mr WONG Sing-chi, which requires applying the concept of Portable Comprehensive Social Security Assistance Scheme to the DA and removing the permissible limit of absence from Hong Kong, so that eligible PWDs residing in Guangdong and Fujian can also receive the DA there, we consider this a reasonable proposal which can benefit PWDs, so the DAB will support this amendment. Regarding the amendment of Mr Ronny TONG, he requests to include proof of disabilities as an eligibility criterion for compassionate rehousing to public rental housing, we understand that the Housing Department (HD) has already included this as a factor for consideration. If households waiting for compassionate rehousing have a member who is a PWD, the HD will usually allocate public rental housing flats to the households concerned earlier upon receiving our letter requesting for early processing, for it is one of the factors for consideration. In view of this, we consider this amendment acceptable. Since this is a measure already implemented by the Government, we surely agree and support the amendment concerned.

Thank you, President.

DR PAN PEY-CHYOU (in Cantonese): President, there is no prior discussion between the Hong Kong Federation of Trade Union (FTU) and Mr TAM Yiu-chung of the Democratic Alliance for the Betterment and Progress of Hong Kong about the amendment proposed today, yet the two amendments are nearly the same. The original motion of Mr WONG Kwok-hing has brought out a clear

message that the existing Disability Allowance (DA) scheme is fossilized. In fact, the spirit of the original motion is to urge the authorities to set up a more humane scheme for DA, which can better meet the needs of the public. The original motion has pointed out many unreasonable requirements under the existing DA scheme, as well as relevant improvement measures, which I think hit the nail on the head.

Mr WONG cited the case of LEE Shing-leung earlier. I am deeply moved. Here, I have to announce in advance that I will go on hunger strike together with Mr WONG Kwok-hing the date the concessionary fare of \$2 a trip is implemented. I will not repeat other arguments here, but will focus on the amendment I proposed on behalf of the FTU, which is about the restriction of prohibiting the elderly from receiving both the Old Age Allowance (OAA) and the DA.

First, I will give a brief introduction of the existing schemes. Under the existing OAA scheme, which is commonly known as "fruit grant", people aged over 65 are in general entitled to the allowance. For people aged 65, they are required to meet certain income and assets criteria, and those complying with the requirements may receive Normal Old Age Allowance (NOAA). As for people aged 70 or above, they are not subject to any income or assets restriction. Anyone reaching the age 70 will receive Higher Old Age Allowance (HOAA). However, I do not understand why different names are used for the two allowances, for the payments under the so-called HOAA and NOAA are both at \$1,035. Perhaps the Secretary may explain this point later.

As for DA, anyone who is severely disabled, that is, equivalent to a 100% loss of earning capacity, is entitled to the Normal Disability Allowance (NDA), which is \$1,325. If the disabled person is in need of constant attendance from others, that person is entitled to the Higher Disability Allowance, which is \$2,650. A number of Members mentioned earlier the restriction of prohibiting people from receiving OAA and DA at the same time. However, when we examine the measures of the SWD, we find that the "one country, two systems" scenario is not only found in Hong Kong, the SWD also adopts two systems. Why? When we look at the case of the Comprehensive Social Security Assistance (CSSA), we will know that there are differences. In fact, the Government allows a person to enjoy double benefits.

Let me explain the situation. Take the case of an able-bodied person below 60 as an example, he will receive a monthly CSSA payment of \$1,890, and for an elderly recipient, the monthly payment will be \$2,680. For recipients with severe disabilities and aged over 60, the monthly payment he receives will be \$3,200. Obviously, the amount of payment for elderly and disabled recipients is higher than that of elderly recipients. If an elderly recipient with severe disabilities is in need of constant attendance from others, he will receive a monthly payment of \$4,500. Is this "one department, two systems"? In other words, the different conditions of recipients are recognized under the CSSA system.

Under the existing system, recipients cannot receive both OAA and DA. Will the Government give valid justifications for the restriction? Yet I can refute the Government's restriction with justifications, explaining why a person should be allowed to receive both DA and OAA. The most important point is indeed the one mentioned by Mr TAM Yiu-chung, that is, the two allowances are different in nature.

Let me make it clear why the two allowances are different in nature. The DA is not age-related, for people of any age may apply, and it is not related to the financial status of a person, for a rich man can also apply for the allowance. The only criterion is that the person must have severe disabilities. Anyone meeting this criterion may apply for the allowance, be he rich or poor. The provision of DA is that disabled persons have special needs. We can understand what these special needs are. First, most of these people cannot earn an income. Second, they need to use or purchase some rehabilitation equipment, or receive certain rehabilitation training. Moreover, given their disabilities, they often have to incur higher transport expenses.

The case of "fruit grant" is otherwise. The provision of the allowance is not related to the disabilities of a person. The only criterion is age, if an applicant is 70 years old or above, his financial status is of no concern. In the extreme case, Mr LI Ka-shing, who is wealthy and in good health, is also eligible for OAA if he considers it necessary to apply. The reasons and justification for issuing "fruit grant" is to take care of the special needs of the elderly. The special needs of the elderly include, first, the elderly need to take nutritious food due to their poor digestive system; second, the elderly often suffer from certain

illnesses and they thus need more money to seek medical treatment and purchase medicine. These are the reasons.

As such, it is clear that an elderly person may not necessarily be disabled, while a person with disabilities may not necessarily be old. However, a person can be old and disabled at the same time. There is no definite relationship between old age and disability. If that is the case, why should the authorities discriminate against persons who are old and disabled; there are people in both conditions? We must acknowledge that a person will not grow younger because of his disabilities, nor will a person's disabilities disappear as he grows old. Hence, in my view, it is totally illogical and unjustified to prohibit a person from receiving both DA and OAA. The only reason I can think of, which I believe Members know at heart, is to cut expenses. The Government only wants to save money.

Hence, I would like to take this opportunity to remind the Secretary that Hong Kong is a relatively affluent society, what should be its guiding principle of governance? Two thousand years ago, in the article "*Great Harmony in the Conveyance of Rites of the Book of Rites*", it was stated that "Thus men did not love their parents only, nor treat as children only their own sons. A competent provision was secured for the aged till their death, employment for the able-bodied, and the means of growing up to the young. They showed kindness and compassion to widows, orphans, childless men, and those who were disabled by disease, so that they were all sufficiently maintained."¹ I hope that the Secretary will think carefully about this statement after the meeting. We should learn from the wisdom of our ancestors 2000 years ago, for the general public in Hong Kong can only benefit when the Government adopts this principle of governance.

Here, I express the support of the FTU to the amendments proposed by various Members. Thank you.

MR RONNY TONG (in Cantonese): President, it does not matter whether we are discussing "fruit grant" or Disability Allowance (DA), the two subjects should not

¹ <<http://ctext.org/liji/li-yun>>

be discussed in isolation or in a vacuum state. President, I mean to say that social background is a very crucial factor for consideration. Hong Kong is a city with serious disparity between the rich and the poor, which is an indisputable fact. According to the ranking of the world-recognized Gini Coefficient, Hong Kong is the first on the list among other developing places. Against this social background of wealth disparity, when we discuss "fruit grant" and DA, we must give due regard to the fact that people applying for these allowances are facing considerable financial difficulties. President, not long ago, Chief Executive Donald TSANG refused to increase the payment of "fruit grant" on the ground that "fruit grant" was a tribute of gratitude made to the elderly but not a means to help the elderly lead a stable life. Since he used this excuse to refuse the request for increasing "fruit grant", he was scoffed by members of society for being unsympathetic.

President, by the same token, when we discuss DA, we should note that many people with disabilities (PWDs) do not regard DA as a kind of allowance but a very important supplement to their daily life. President, there was a visually impaired lady who had one of her eyes removed due to illness and replaced with an artificial eye by surgery. The doctor said that there was no problem with her remaining eye and she could still see with that eye, so the doctor refused to issue the registration card of disability to her, and did not even agree to issue her a proof of general disability of 50%. The lady was extremely angry. She said she only wanted to take care of herself and led a dignified life with the daily allowance of only \$44, which was just enough for her to have two meal boxes. She wanted to receive DA to subsidize her living, so that she did not have to rely solely on her family members and could enjoy some degree of autonomy. Unfortunately, under the defective and fossilized system, she was not provided with the necessary assistance. President, she asked me why the assessment system was so unsympathetic. This question is a really difficult to answer. In fact, the existing scheme is not operating under a subsidy-based mode. So when a person, who lost an eye, asks the doctor to prove his disability, the doctor will state that the person is 100% non-disabled. I am really caught between tears and laughter by this. A person is definitely disabled when he lost an eye, how can the person be regarded as 100% non-disabled? The justification adopted by the doctor is easy to understand, for the doctor simply links DA with income subsidy. That is to say, though the person has lost an eye, he can still see with another eye and find a job, and thus the person is ineligible for DA.

President, this logic seems convincing under the existing system, but on second thought, this logic is totally unacceptable. According to the logic of the Chief Executive, DA is a kind of allowance, whereas the earning capacity of the applicant is a separate issue. If the allowance is called the employees' disability allowance, I may find the justification of the doctor more acceptable. But this is not the case. On the other hand, many colleagues queried earlier why recipients of Old Age Allowance are prohibited from receiving DA at the same time? What kind of allowance is this? Has the Government been adopting the attitude of avoiding additional subsidy, not even 10 cents, and it has thus been trying to tighten every barrier? Honestly, how much money are we talking about, it is only about \$44 a day. Secretary, it is only \$44 a day.

President, even if the criteria for employees' income subsidy are adopted in assessing the eligibility for DA, it is still unfair. Why? For the legislation on minimum wage, which has just been enacted, cannot alleviate much of the plight of PWDs. Though employees in general are protected by minimum wage, PWDs need to pass the assessment of professionals to decide whether they are entitled to 100% of the minimum wage. More often than not, PWDs will suffer a dual blow. The case of the lady I mentioned earlier may illustrate what I mean by suffering a dual blow. The lady may not be granted DA; and if she finds a job and the job requires good vision, she will not be entitled to 100% of the minimum wage. In that case, it will be very unfair to the lady. She will suffer under both schemes. In other words, she cannot receive the necessary care from society under both schemes.

President, I think this unfair scheme should be reviewed as soon as possible. President, in the amendment I proposed, I have brought up two other subjects. The allowances and subsidies I mentioned earlier have only dealt with the livelihood issues on clothing and food of PWDs, but not accommodation and transport, which are of the same importance. In respect of transport, PWDs particularly need the opportunities to integrate into society and have more exchanges with others, so that they will not develop a sense of inferiority and isolation. This is extremely important. Therefore, the Government is obliged to enhance the convenience in transport for PWDs.

President, after striving for nine years, we are glad to hear that the Chief Executive eventually treated PWDs "His royal kindness" of providing transport

concessions to them. However, this is only part of the equation. Why? For transport allowance can only provide PWDs with financial support, the problem with the hardware remains unsolved. Honestly, in the absence of PWD-friendly facilities, people with impaired mobility can hardly take buses or ferries to integrate into society, even though they can afford the fare. Hence, enhancement and improvement of hardware facilities are definitely necessary, which is complementary to the transport allowance. As such, the Secretary may as well take a further step forward to make the measure more comprehensive by requesting transport operators to provide hardware facilities conducive to the travelling of PWDs as soon as possible.

President, the other aspect I would like to talk about is certainly about accommodation. People in Hong Kong, particularly the grassroots, are highly distressed by housing difficulties. Yet, the plight of PWDs is comparable to that of the grassroots in general. In fact, PWDs are facing more difficulties in accommodation. President, at present, non-elderly one-person applicants for public rental housing (PRH) have to wait for at least 10 years or more to be allocated a PRH flat. For PWDs without minimum wage protection, if they want to lead an independent life, it is impossible for them to rent any private flats within a short time. Yet if they have to wait for the allocation of PRH flats, they may have to wait for 10 years or more to get a place they may regard as their home.

President, should we adopt such attitude towards PWDs? Is the Government somehow unsympathetic by refusing to address the problems arise from the scheme? President, in my view, the importance of accommodation and transport is comparable to that of clothing and food. Here, I hope that the Secretary will explain in his reply why an affluent society like Hong Kong cannot put in more efforts for people who are devoid of support?

Thank you, President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I first thank Mr WONG Kwok-hing for moving this motion today, and Mr WONG Sing-chi, Mr TAM Yiu-chung, Dr PAN Pey-chyou and Mr Ronny TONG for their amendments. Before we start debating on this motion, I wish to give a

brief account of the overall government policy on supporting persons with disabilities (PWDs), and the role and implementation situation of Disability Allowance (DA) as one of such supporting measures.

Hong Kong's rehabilitation policy aims to provide PWDs with a series of support, including financial support and suitable services, so as to help them give full play to their potentials and integrate into society.

Speaking of financial support, a holistic social security system is in place in Hong Kong, inclusive of various complementary measures with their own established policy objectives and targets for meeting different people's needs. First, people with financial difficulties can apply for Comprehensive Social Security Assistance (CSSA) regardless of their physical conditions. Under the CSSA scheme, financial needs constitute the major vetting and approval criterion. Members of a household may be granted standard rates at different levels as well as other supplements and special allowances, depending on their ages, health conditions, and so on. In addition, the Social Security Allowance (SSA) Scheme embodies the DA, a non-means-tested welfare with the objective of meeting the special needs of severely disabled Hong Kong residents irrespective of their family backgrounds and financial conditions.

In late September 2011, there were around 140 000 DA recipients, with some 120 000 of whom receiving Normal Disability Allowance in the sum of \$1,325 per month. The remaining some 18 000 were receiving Higher Disability Allowance amounting to \$2,650 per month as they were in need of constant attendance from others in their daily lives.

Besides, around 106 000 severely disabled people are recipients of CSSA. In other words, some 244 000 severely disabled people receive CSSA or DA; among them, 123 000-odd people aged between 12 and 64. Such people may also be granted a monthly transport supplement of \$215. The supplement aims at encouraging disabled people to go out more often and participate in activities, so that they can reach out to other people and integrate into society.

Financial support aside, the Government also provides PWDs with a series of rehabilitation services, including pre-school services, day care services, residential care services and social support services.

The Government strives to promote PWD employment and assist them with open employment in public and private organizations. We also offer vocational training and supported or sheltered employment to PWDs not yet capable of or ready for open employment.

Moreover, the Government also provides point-to-point Rehabus services through non-governmental organizations to PWDs who have difficulties in using ordinary public transport. We promote the development of a barrier-free environment to provide suitable passageways and facilities to PWDs. The concessionary fare of \$2 rolled out in the Policy Address this year will also benefit severely disabled people.

It can thus be concluded that our assistance to PWDs takes various forms in different aspects. Next, I will focus on the background and implementation arrangements of DA as a financial support measure.

Introduced in 1973, DA is marked by the clear policy objective of providing financial supplement to severely disabled Hong Kong residents, so as to assist them in coping with special needs arising from their disabilities. The fact that disabled people are in greater need of other people's assistance has been taken into account.

The definition of "severely disabled" is based on the criteria in the First Schedule to the Employees' Compensation Ordinance (Cap. 282). The degree of severely disabled is broadly equivalent to a 100% permanent loss of earning capacity. For example, the reference criterion of "disabling physical condition" is a "loss of functions of two limbs" or "loss of functions of both feet". I wish to emphasize that an applicant with the severest degree of disabilities should not be interpreted as practically losing his earning capacity. This is an important point to note.

Speaking of the vetting and approval of DA applications, there is a stringent and clear division of labour among the Social Welfare Department (SWD) and healthcare departments, each with their own responsibilities. Generally speaking, after receiving an application, the SWD will arrange for a meeting with the applicant and issue to a medical officer in a public hospital or clinic a standardized Medical Assessment Form jointly formulated by the SWD,

the Hospital Authority (HA) and the Department of Health (DH) for a professional medical assessment of the applicant's level of disabilities.

As the target recipients of DA are those severely disabled Hong Kong residents, the medical officer is solely required to determine in his medical assessment whether the applicant's disabilities reach the severe level with his professional knowledge from the medical perspective, without having to consider the social background, as well as family, financial or employment conditions of the applicant.

The SWD will then decide the applicant's eligibility or otherwise for DA on the basis of the medical officer's assessment and other requirements (including the residence rule, whether the applicant is concurrently receiving CSSA or other allowances under the SSA Scheme, and so on). Any applicant dissatisfied with the SWD's decision may lodge an appeal to the Social Security Appeal Board.

In October 2009, The Ombudsman completed a direct investigation into the SWD's vetting and approval of DA applications and handling of appeals. It opined that there was room for improving the relevant mechanism, and recommended that the authorities should review the implementation arrangements of DA. The SWD is now following up The Ombudsman's views with the Labour and Welfare Bureau, the HA and the DH while comprehensively reviewing the implementation details of the DA scheme, so as to improve its operation.

President, Mr WONG Kwok-hing and other Members who intend to move amendments have put forward many proposals on government support for PWDs in many areas. After listening to Members' views, I will give a comprehensive and focused reply.

President, I so submit.

MS MIRIAM LAU (in Cantonese): President, in order to assist the severely disabled people in meeting their special needs, the Hong Kong Government has launched a Disability Allowance (DA) scheme since 1973. According to the provisions of the scheme, eligible applicants shall meet the definition of "severely disabled" and the assessment of a 100% loss of earning capacity pursuant to the

formula prescribed in the First Schedule to the Employees' Compensation Ordinance.

Unfortunately, such provisions have deterred many people with disabilities (PWDs) in need of assistance from applying for DA. For instance, a person with loss of one upper limb or lower limb is only regarded as having respectively lost 75% or 80% of his working capacity. However, if the person is a manual worker, losing one upper or lower limb may permanently mutilate his ability to resume his original work. However, these people are excluded from the DA scheme. This is unreasonable.

The Secretary has just given a detailed presentation on how the DA scheme operates, but the problem is, he has not responded to the fact that the unfairness of the scheme lies in the details. Will the Government appropriately address the irregularities of the scheme so as to enhance its fairness? This is precisely the spirit behind today's original motion and the amendments.

Regarding the requirement I mentioned just now, although someone have tried to challenge the Government, they ultimately failed. However, I wish to point out that the Government may not be legally wrong, but that does not mean that the present arrangement is sensible and reasonable. The High Court judge, in ruling in favour of the Government, has also commented that the existing system, which solely relies on medical assessments to determine an applicant's earning capacity and degree of disability, has completely ignored the applicant's actual situation. His comments has reflected the inadequacy of the DA system.

Two years ago The Ombudsman also lashed out at the problematic application criteria of the DA scheme implemented by the Social Welfare Department (SWD). For instance, some doctors have misinterpreted the criterion of "a 100% loss of earning capacity" as complete unemployment, thus rejecting all applications as long as the applicants have a job. A blind person meets the criterion of a 100% loss of earning capacity, but he may be ineligible for DA if he starts making a meagre earning at a sheltered workshop. Moreover, doctors are not in the capacity to assess the other aspects of the applicant other than assessing his medical condition, but the SWD has all along refused to interfere in the matter, rendering needy persons with disabilities unable to obtain compassionate assistance.

Hence, The Ombudsman has recommended that the authorities should conduct a comprehensive review on the DA system, and the SWD has also responded positively to the recommendation of conducting a review in this regard. The Secretary has just said that the review is in progress. Two years have passed since then. We anticipate that the Secretary will tell us the result of the review, rather than telling us that the review is still in progress. If this is the case, we find it very hard to accept. I hope that the authorities concerned can expeditiously complete the review and improve the DA system as early as possible, so as to give a due explanation to PWDs who are in genuine need of assistance.

Moreover, apart from improving the DA system, the SWD must also improve the perfunctory attitude of its staff. For instance, according to the investigation conducted by The Ombudsman, a DA recipient with loss of all left-hand fingers has been differently assessed as "amputation of left-hand fingers", "left hand amputation", "right hand amputation" and even "total loss of sight" despite the assessment should be a simple record of facts. However, no matter how ridiculous and inconsistent the assessments conducted in the past 14 years have been, the SWD staff has never looked into the case.

This example precisely reflects that the SWD staff has not put their heart into their job. If the SWD does not properly rectify this half-hearted attitude of its staff, I am afraid no matter how the DA system has been improved, the system will not be improved. The bureaucratic malpractices should be eliminated indeed.

Apart from problems concerning DA, we are also very much concerned about the problem of transport fare support for PWDs. In respect of the "\$2-trip" transport fare concession for senior citizens and PWDs proposed by the Chief Executive in the Policy Address this year, we hold that while the proposal will definitely help PWDs in integrating into society, the scope of the fare concession, which will cover the MTR lines, buses, franchised buses and ferries except public light buses, is indeed the fly in the ointment.

According to the Special Topics Report No. 48 published by the Census and Statistics Department, 17.5% of the employed PWDs use public light buses

as the principal mode of transportation and 16.8% of the PWDs who go out for medical consultation/treatment also used public light buses as their principal mode of transportation. Many PWDs who take the MTR or buses also use public light buses as the feeder to and from the MTR or bus stations. It is evident that PWDs have a considerable demand on public light buses. I thus think that the authorities should not disregard their need in this regard.

Moreover, if the MTR Corporation and bus companies are the only institutions granted the reimbursement, it will constitute an unfair competition to the public light bus industry as the patronage of the latter will drop. We thus hope that the authorities can include public light buses as one of the transportation mode covered by the "\$2-trip" transport fare concession, so as to render one more options for the beneficiaries.

In respect of the amendments, the Liberal Party support in principle the proposals of allowing elderly persons with disabilities who are DA recipients to concurrently receive Old Age Allowance and allowing PWDs receiving DA to reside on the Mainland.

Mr Ronny TONG proposed an amendment to strive for the installation of facilities by various public transport operators for the convenience of PWDs as a condition of license renewal. We agree that the Government should step up discussion with various public transport operators to expeditiously implement more barrier-free facilities. However, we do not think it is necessary to turn this requirement into a binding condition in license renewal, given that quite a few transport operators have already made some improvements in this regard in recent years.

President, I so submit.

MR IP KWOK-HIM (in Cantonese): President, according to the standing government policy, disabled elderly persons cannot concurrently apply for Old Age Allowance (OAA) and Disability Allowance (DA) to prevent enjoyment of double benefits. By laying down this limitation, the Government is applying the same logic as that of a gift coupon which can only be used alone and not in

conjunction with other benefits. This is how shopping malls provide shopping benefits now.

The Government is apparently wrong in applying the logics of a gift coupon to the arrangement of OAA and DA. The Government has to understand that the purpose of setting up OAA and DA is to provide monthly cash allowances for the elderly and people with severe disabilities so as to assist them in meeting their special needs. As compared with an able-bodied elderly person, a disabled elderly person indeed has more special needs. Then why do a disabled elderly person cannot concurrently apply for OAA and DA? The logic here is simply untenable.

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

In the light of efficient use of public money, it is understandable for social welfare programmes to be laid down with limitations to prevent enjoyment of double benefits. I fully accept this principle and oppose social welfare policies tilting in favour of populism. However, allowing disabled elderly people concurrently applying for OAA and DA is a practical need, which helps to alleviate their dire situation; this is by no means an abuse of public money, nor an indication that populism is gaining ground.

Deputy President, a disabled allowance programme has been launched by the Macao Government in September this year, which pegs the amount of disabled allowance with the degree of disability of the recipient. The concept is the same as the concept raised in Mr WONG Kwok-hing's motion that DA granted in Hong Kong should be proportionate to the degree of disability of the applicant.

The disabled allowance granted by the Macao Government is determined by the categories and grading of disability. The six categories of disability are visual disability, hearing disability, speech disability, physical disability, mental disability and psychological disability. Each category of disability is further refined as grade one (low level of disability), grade two (moderate level of disability), grade three (high level of disability) and grade four (acute level of

disability). People with low or moderate level of disability are entitled to the standard disability allowance of \$6,000 per annum, while those of high or acute level of disability are entitled to the special disability allowance of \$12,000.

As a matter of fact, the categories and grading of disability adopted in the disabled allowance scheme by the Macao Government are much clearer and easier to understand than the DA system in Hong Kong. The biggest problem with our DA system is that the categorization of disability is too broad and it does not have any definition on the degree of disability, thus depriving many people with disabilities (PWDs) of the chance of getting the protection they entitled to.

The DA system in Hong Kong has roughly categorized disability into disabling physical conditions, total loss of sight, disabling mental conditions and deafness, but visceral diseases, which do not have a specific definition, are not classified as a separate category. Given that there is no standard definition on visceral diseases, medical practitioners often refuse to give patients with chronic diseases medical proof of their disability.

On the other hand, the existing system does not have any grading on the degree of disability. In order to be eligible for DA, an applicant's degree of disability has to be broadly equivalent to a 100% loss of earning capacity. However, there is no specific definition as to what is "a 100% loss of earning capacity". Some medical practitioners interpret "earning capacity" as self-care ability, thus rejecting all DA applications submitted by able-bodied persons. In fact, people with visceral diseases (such as chronic renal disease or other visceral diseases) may appear physically fit, but they have lost their earning capacity.

Deputy President, I wish to talk about subsidies for fitting prostheses. According to the existing mechanism, people in poverty who need prosthesis will only be granted a prosthesis-fitting subsidy once. As Members should be aware, body growth is an ongoing process. A prosthesis fitted to the body requires constant adjustment; PWDs fitted with a prosthesis have to pay for each of these adjustments, but they are not granted any subsidies at present. The Government should conduct a review in this regard so as to show its solicitude for the poverty-stricken PWDs.

The existing DA system has been in operation for 30-odd years. It is high time to conduct a comprehensive review on the system. The Democratic

Alliance for the Betterment and Progress of Hong Kong holds that the direction of the review can best be summarized as "detailed categorization, quantified grading and specific definition".

Deputy President, I so submit.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, as a Confucian saying over two thousand years ago goes, "the widowers, the widows, the orphans, the singles, the disabled and the sick should all be properly looked after". However, today in the twenty-first-century Hong Kong, an international city and a civilized metropolis, our officials are surprisingly cold and harsh to people with disabilities (PWDs). They adopt an extremely inflexible system to vet and approve PWDs' applications for Disability Allowance (DA) and regard the latter as a burden of society who do not need our care and concern.

As the motion has pointed out, the existing system for granting DA is very bureaucratic, which only adopts a stony medical perspective without any human touch or solicitude for PWDs. According to the existing guideline laid down by the Social Welfare Department (SWD), a person will be considered as severely disabled if his condition falls into one of the eight categories, including loss of functions of two limbs (such as both upper limbs or both lower limbs), total loss of sight, quadriplegia or paraplegia, illness resulting in being bedridden, and so on. These PWDs are considered as having a 100% loss of earning capacity. However, how can "a 100% loss of earning capacity" be covered by such a simply definition?

If someone has unfortunately lost a right limb and three left-hand fingers, he, by definition, cannot be considered as severely disabled, but he is practically severely disabled. Of course, this may be an extreme case, but the question I wish to bring out is, can the SWD be more flexible and humane, rather than only vetting and approving applications by the book?

Hence, if consideration can be given to include the assessment by and the views of the social worker in charge of the applicant when the authorities vet and approve the DA application, the system can be more people-centred and genuinely help the person in need. The responsible social worker is often more

familiar with the family background and economic status of the DA applicant, including whether the applicant is suitable for resuming to his previous work in the light of his disability, and the social worker will also be in a better position to assess the possibility of the applicant in reinstatement or placement. This will definitely be a more comprehensive assessment than sole reliance on the medical perspective for assessment.

Some social workers have relayed to me that many DA recipients who seek disability assessment from medical practitioners are not assessed as severely disabled. However, no matter how hard these workers have tried, they cannot find a job, possibly due to their age or experience which has prevented them from changing to other professions, or due to their disability experience which has inflicted psychological harm on them. Nonetheless, the SWD will only sweepingly reject their applications.

As a matter of fact, if the SWD is concerned about abuse of this severe disablement allowance by recipients, it can consider laying down a six-month observation period to assess whether the applicant has actively looked for a job or whether he can find a job. It is not unreasonable for a DA recipient to be granted DA if he cannot find any employment upon the expiry of the six-month period even though he has already made an effort to do so.

Moreover, what is loss of earning capacity? Needless to say, there is a big difference in the placement prospect of a steel fixer and an office secretary even if they both lose one lower limb. Hence, it is not so easy to draw a line on the definition of loss of earning capacity.

I need to emphasize that I am not challenging the professional judgment of medical practitioners, but many other personal and social factors are often involved in determining whether the degree of disability of a person affects his daily life or his ability to participate in social activities. An assessment conducted by two different professions will only result in synergies rather than conflicts. If we are to build up a caring society, we should not use a stony rule to assess people who are in dire need of help in society.

Deputy President, the existing DA system which has been in operation for over 37 years has undoubtedly reached the time for review. I hope the

Government will listen to the views expressed in this Council and improve the present outdated and inflexible system, so that the PWDs amidst us can live a more respect life.

Deputy President, I so submit.

MR IP WAI-MING (in Cantonese): Deputy President, since the start of the 1970s, services for people with disabilities (PWDs) in Hong Kong have rapidly developed, evolving from the implementation of rehabilitation programmes and provision of accessible transport and placement services for PWDs to the establishment of various care homes specially for PWDs and the enactment of the Disability Discrimination Ordinance and other related regulations. All these initiatives embody the pluralistic development of the services for PWDs. Unfortunately, in implementing new schemes and policies, the Government has neglected the applicability of some old systems in modern-day society, thereby the new schemes and policies are plagued with loopholes and unable to effectively safeguard the rights and interests of PWDs. The Disability Allowance (DA) scheme mentioned by our colleague Mr WONG Kwok-hing in his motion today is categorically one such example.

At present, a PWD who wishes to apply for Normal DA shall meet a basic requirement, that is, to be certified by the Hospital Authority (HA) in accordance with the criteria laid down in the First Schedule to the Employees' Compensation Ordinance that the PWDs' degree of disability is equivalent to a 100% loss of earning capacity. If the PWD wishes to apply for Higher DA, he shall be subject to additional assessment. These over-demanding requirements have led to a phenomenon of "Four-Nots", that is, "not timely, not reasonable, not fair and not logical".

Launched in 1973, the present DA system has operated for almost 40 years. Are the criteria of disabilities, which were drafted on the basis of the employees' compensation at that time, still applicable today? Even a machine requires checking and maintenance after a considerable period of time to ensure its smooth operation. Similarly, in our opinion, the Government must regularly and comprehensively review and amend an ordinance or policy which has stood the test of time so as to ensure that they remain effective.

According to the survey findings in the Special Topics Report No. 48 published by the Census and Statistics Department in 2008, there were 361 300 PWDs (excluding persons with intellectual disability) in Hong Kong. However, according to statistics from the Social Welfare Department (SWD), as of September this year, only 138 150 persons have successfully applied for DA, accounting for less than half of the total number of PWDs. Thus, it is evident that the system concerned has not responded to the reality that PWDs are abundant in number, thus deterring most of the PWDs from applying for DA. Many colleagues have already cited examples in this regard and I will not repeat. We hold that the existing practice is against the purpose of the United Nations Convention on the Rights of Persons with Disabilities, which is to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities, and to promote respect for their inherent dignity.

On the other hand, different degrees of physical or mental disability may reduce or cripple the earning capacity of PWDs, but this does not restrict to people with loss of two or four limbs. According to the information provided by the Census and Statistics Department, at present only 13.2% of PWDs are economically active; in other words, almost 90% of PWDs are economically inactive. Hence, it is simply unreasonable and illogical that the authorities insist on assessing the eligibility of DA applicants in accordance with the criteria laid down in the First Schedule to the Employees' Compensation Ordinance. The original design of the DA scheme, as quoted by Mr WONG Kwok-hing from the report published by the Office of The Ombudsman, was intended not to take into account applicants' employability, and the concept of "earning capacity" cannot apply to all people. We agree that the case of Mr LEE Shing-leung, which Mr WONG Kwok-hing has cited, is a typical example in our everyday life.

As a matter of fact, the everyday expenses of PWDs can be much higher than other common people. PWDs have to bear the transport cost of their accompanying persons when they go out. Hence, the Hong Kong Federation of Trade Unions (FTU) has all along urged the authorities to review the existing charging arrangement of fare concessions for persons with disabilities offered by different transport operators now. Another point, for instance, is that the Comprehensive Social Security Assistance payment is simply not enough for

PWDs to pay for their long-term medical expenses and the cost of purchasing and maintaining different ancillary tools. We certainly welcome the Government offering the "\$2-trip" transport fare concession for the PWDs, but it has also laid down a barrier which has prevented the PWDs from enjoying this concession. Hence, we hold that the Government's policies are self-conflicting.

Deputy President, we hold that the SWD has not made comprehensive consideration in vetting and approving DA applications, nor has it paid attention to the fact that the applicants may not be able to return to their original post or take up a new post. It has only focused on whether the applicants have a 100% loss of earning capacity. The Government, by adopting such an inflexible approach, is unfair to the applicants and has failed to fulfil its responsibility of safeguarding the rights and interests of PWDs. We hold that it has taken the lead to create social rejection. Ultimately, the problem boils down to the stony bureaucratic system which treats everyone like a robot. Hence, the FTU is of the view that the Government must comprehensively review the definition of "severely disabled", relax the relevant application criteria and include the professional social workers' assessment in the vetting and approving process, so as to make the system more people-oriented and strengthen the protection to PWDs.

Deputy President, I so submit.

DR RAYMOND HO (in Cantonese): Deputy President, over the development in the past few decades, Hong Kong has proclaimed itself as a cosmopolitan city that has achieved overall enhancement in economic development and people's standard of living. The sound transport network and advanced communication facilities have brought much convenience to our daily life.

Regrettably, the Government has all along been lagging behind in caring the disadvantaged group, particularly people with disabilities (PWDs). The standard of care remains in the level of the 1970s, for the Government still adopts the Disability Allowance (DA) scheme set up in 1973, which is incredibly outdated.

I had participated in the work of the Hong Kong Red Cross, responsible for monitoring five boarding schools for disabled youth for as long as five years, and I thus have some understanding of the situation of PWDs.

In the case cited by colleagues from the Hong Kong Federation of Trade Unions (FTU) involving an unfortunate pier worker who has his leg amputated because of an industrial accident, the worker's application for DA was rejected by the Social Welfare Department on the grounds that he could not meet the criteria of "the loss of function of two limbs" under "physical impairment" as stipulated in the legislation. Yet, for a person earning a living by laborious work, the loss of one leg is equivalent to the loss of earning capacity. May I ask whether such condition satisfies the definition of "severe disability" and whether he should be eligible for DA?

Members who have read the criteria for "disability or total loss of sight" will notice the inadequacies of the existing system. One of the criteria is about "the loss of functions of both hands, or all fingers and both thumbs". Does the Government consider that a disabled person is no different from an able-bodied person with both arms? The other criterion is the "loss of function of both feet". As in the previous example of the pier worker, should he look forward to the occurrence of another accident to lose another limb to be completely eligible for the allowance?

In paragraph (b) of the original motion, it proposes "including professional social workers' 'whole-person assessment' as one of the criteria in the vetting and approval process". In my view, this proposal will enhance the existing arrangement of relying solely on medical practitioners for assessing the eligibility of applicants according to their degree of disabilities. At present, public hospitals are facing the problem of acute shortage of medical practitioners whose working hours reach 60 hours a week. However, the consultation time for each case is only several minutes, and medical practitioners can hardly understand the genuine needs of patients.

Should the Government amend the definition for "severe disabilities", the assessment of registered medical practitioners and the involvement of professional social workers would facilitate better understanding of the genuine needs of the applicant. As such, I believe PWDs with pressing needs but are not eligible at present will be able to receive appropriate assistance. Moreover, with

professionals from two sectors acting as gatekeepers of the DA scheme, abuse of the system can be effectively prevented and needy people can benefit from the scheme.

Another government policy which is annoying and confusing is the prohibition of recipients of DA from receiving Old Age Allowance. In the past, this Council had reflected repeatedly to the Government the concerns of the public on this policy, who considered that the arrangement failed to give due regard to the needs of PWDs. The Government pointed out in the reply that the target beneficiaries of the two schemes were different, and the beneficiaries could only choose either one of them. Since the Government simply ignores the request of the elderly with severe disabilities, does it mean that the Government considers that only one allowance is sufficient to cope with the inconvenience of their daily life? In fact, is the Government denying their existence? According to the statistics of the Government, there are some 58 000 elderly people eligible for DA as at the end of March. The Government considers that the granting of double benefits to them may affect the sustainability of the schemes. Yet, the Government may replace the existing "broad-brush" approach under the fossilized system with the practice propose in paragraph (a) of the original motion, that is to grant an allowance proportionate to the degree of disability of the applicant.

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

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): Mr WONG Kwok-hing, you may now speak on the four amendments. The speaking time limit is five minutes.

MR WONG KWOK-HING (in Cantonese): Deputy President, I thank the four Members for proposing their amendments. Also, I would like to thank the nine Members, including the four Members mentioned above, for speaking in support

of the motion. Though not many Members have spoken, it is obvious that Members think and share the same view that the Government must comprehensively review the existing Disability Allowance (DA) scheme. I believe Members have read the report on Direct Investigation published by the Office of the Ombudsman (OFOMB), and I consider the criticisms made by the OFOMB extremely comprehensive.

Regarding the amendments made by the several Members, Mr WONG Sing-chi proposes that people with disabilities (PWDs) residing in Guangdong Province and Fujian Province should also be allowed to collect DA there. I consider this a right arrangement, and Members will certainly support this proposal. Mr TAM Yiu-chung and Dr PAN Pey-chyou request for the abolition of the setting off arrangement for "fruit grant" and DA, for the provision of the two allowances at the same time definitely does not involve double benefits, and they criticize that the criteria set out by the authorities are wrong. As for the arrangement for applications of public rental housing units and the provision of PWD-friendly facilities on public transport proposed by Mr Ronny TONG, they are reasonable and fair.

I recalled that at a meeting of the Panel on Transport held a few days ago, we had a discussion on the franchise of bus companies and listened to the views of organizations. At the meeting, many PWDs voiced their opinions, whereas the visually impaired put forth the request of installing bus stop announcement facilities. I think the authorities should consider the views expressed. However, I am disappointed with the initial response of the Secretary, for the Secretary just said that the policy objectives laid down in 1973 were "very clear"; he had never admitted that he was wrong. I think he would rather die than admit his fault. Yet the OFOMB has pointed out his mistakes. Hence, I have to criticize that the authorities "never admit the mistakes made", "beat around the bush", "confuse the allegations raised", "gloss over faults" and "adopt multiple standards". I hope that when the Secretary gives a detailed response later, he will no longer refuse to admit the mistakes made, and he will not beat around the bush, confuse the allegations raised, gloss over faults and adopt multiple standards.

I earnestly hope that the authorities will respond seriously, conscientiously and responsibly, for the Secretary has to respond to the severe criticisms from the OFOMB, which he definitely should not take lightly. I implore Members to

support the original motion and all the amendments, so that the Government knows clearly that various political parties and groupings in the Legislative Council unanimously request the Government to expeditiously and comprehensively review the DA scheme, and to implement the concessionary fare of \$2 a trip prior to the completion of the review, ensuring all holders of the Registration Card for People with Disabilities can benefit from the concessionary fare of \$2 a trip.

I implore the Administration to take heed of the views of the public rather than going against them, otherwise, a well intended measure will turn out to have an undesirable outcome. Thank you, Deputy President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I have to thank Mr WONG Kwok-hing again for proposing this motion and the Members who have just spoken.

Before I come to the salient points in response, let me first reiterate that under the existing welfare system, various financial assistance and services are provided for specific purpose and serve specific target groups, so as to cater for the needs of different people. For instance, when people have financial difficulties, they may consider applying for Comprehensive Social Security Assistance (CSSA); elderly person who have reached the age of 65 may consider applying for Old Age Allowance (OAA) and people with disabilities (PWDs) certified by medical practitioners to be "severely disabled" will be granted Disability Allowance (DA), or they will be provided with other appropriate welfare benefits or employment support, depending on their condition and actual needs.

I will first respond to Mr WONG Kwok-hing's view on granting an allowance proportionate to the degree of disability of the applicant.

The policy intent of DA is to provide financial subsidies to help people who are severely disabled to meet special needs arising from their disabilities. The allowance is not a compensation provided to PWDs in accordance with their degree of disabilities, nor is it a financial assistance provided for them to meet their daily expenses. The positioning of these policies is clear and unequivocal. The DA scheme, like other social security measures, is of a non-contributory

nature. In consideration of the need to maintain the sustainability of the scheme, it is appropriate to concentrate the resources on PWDs with greater need.

For Hong Kong residents who are not severely disabled and are thus ineligible for DA, they may be granted CSSA when they have financial difficulties — I have to stress this again — they can only receive CSSA provided that they can pass the means tests and meet the application requirements. Actually, under the CSSA scheme, recipients with various degrees of disabilities and actual needs may be granted different standard rate payments and special supplements to meet their daily needs.

(THE PRESIDENT resumed the Chair)

Concerning the proposal of including professional social workers' "whole-person assessment", as I have explained earlier, DA does not aim at addressing other needs (such as financial and employment difficulties) other than the disabilities of the recipients. Hence, in deciding whether an applicant is eligible for DA, factors such as the social background, family and financial status of the applicant will never be considered, and the applicant does not need to pass any assets assessment and means test.

As I have stated in my beginning speech, the definition for "severely disabled" is based on the criteria set out in Schedule 1 to the Employee's Compensation Ordinance. Medical practitioners will follow the established procedures and guidelines and, based on their professional knowledge and judgment, assess whether an applicant is eligible for receiving DA in terms of his or her degree of disabilities. To ensure the consistency and objectivity of assessments, medical practitioners will use the standardized Medical Assessment Form (MAF) and the Checklist. Both the MAF and the Checklist have set out that "visceral diseases" are covered by "any other disabling conditions resulting in total disablement". Hence, patients suffering from various visceral diseases will also be eligible for receiving DA if they are certified by medical practitioners to be severely ill.

Mr WONG Kwok-hing proposes that the definition of and criteria on "visceral diseases" should be specified in the MAF and the Checklist. However,

this practice goes against the principle of assessing the eligibility of applicants according to the degree of disability rather than the type of disease. In the case of an applicant with visceral diseases, medical practitioners will adopt the professional practice of considering comprehensively the cause of the disease, the clinical physical condition of the applicant and the severity of the disease, and then conduct a medical assessment on the severity of the medical condition of the patient.

Mr TAM Yiu-chung and Dr PAN Pey-chyou propose that elderly DA recipients should be allowed to receive OAA at the same time. I would like to explain here that DA and OAA are both under the Social Security Allowance Scheme (the Scheme), but with different target beneficiaries. The former is for persons who are severely disabled regardless of age; the latter is for persons who are not severely disabled but fall within the definition of an elder (65 years old at present) under the Scheme.

In the formulation of the two allowances, the authorities have given regard to the needs of the two categories of target beneficiaries. For instance, people who are severely disabled, regardless of age, will have greater need for assistance or care from others in general when compared with non-disabled elderly, hence, DA payment is higher than OAA payment. Therefore, severely disabled elders who meet the eligibility criteria for both DA and OAA may choose to apply for either of the allowances. This is to avoid the receipt of double benefits. Moreover, since the scheme is a non-contributory scheme and largely non-means-tested, retention of the rule that one cannot benefit from both allowances simultaneously would help ensure the sustainable development of the Scheme.

Mr WONG Sing-chi proposes to allow PWDs residing in Guangdong Province or Fujian Province to receive DA. Though DA may help recipients in meeting the special needs arising from their severe disabilities, rehabilitation services like day care services, community support and residential care services, and so on, are equally important to PWDs. These services may address their specific needs at different stages of recovery, which are conducive to their integration into society.

Due to the different welfare systems adopted in Hong Kong and the Mainland, as well as other geographical constraints, we can hardly provide

rehabilitation services up to the standard of Hong Kong in the Mainland. The provision of DA alone cannot achieve the objectives of the rehabilitation policy of bringing the strengths of PWDs to full play and facilitating their integration into society.

From the administrative perspective, most of the recipients of DA have to undergo medical assessment at regular intervals. To ensure the consistency and objectivity of medical assessments, all medical assessment are now conducted by medical practitioners of public hospitals or clinics, and no similar assessment mechanism has been put in place in the Mainland.

Since the professional training received by healthcare workers in the Mainland and the clinical guidelines adopted there are not exactly the same as that in Hong Kong, we have no plan to accept medical assessments conducted by Mainland healthcare workers for the time being.

For the aforesaid reasons, it is quite difficult to include DA recipients into the "Guangdong Scheme". The most pressing task at present is to implement the "Guangdong Scheme" for the elderly first.

Why do we only allow Hong Kong residents residing in Guangdong Province but not other places to receive OAA? The Chief Executive has clearly explained the four specific reasons in the Policy Address just delivered. Let me repeat these reasons below:

First, currently Hong Kong elderly people settled in the Mainland mostly live in Guangdong.

Second, there are especially close ties between Guangdong and Hong Kong in many aspects like geographic, economic and social aspects.

Third, given the Hong Kong/Guangdong Co-operation Framework and a number of major transport infrastructure projects, the two places will become more closely integrated.

Fourth, local elderly people who have moved to Guangdong can easily maintain close contact with their relatives and friends in Hong Kong and obtain family support.

Under the present circumstances, Guangdong Province is the only province with the suitable conditions for implementing the "Guangdong Scheme". As for the Portable Comprehensive Social Security Assistance Scheme, it is a completely different scheme of a different background and with different policy considerations, which makes a direct comparison with the "Guangdong Scheme" inappropriate.

Mr WONG Kwok-hing also proposes comprehensively reviewing the applicability of the various public transport concessions available at present to PWDs and the payment arrangements.

According to the policy of the Transport and Housing Bureau, the Government always encourages public transport operators to lower transport fares and offer concessions by all means after taking into account factors in various aspects, including their operation and financial status, the socioeconomic environment, the market situation and the need of passengers, so as to reduce the expense of the public, including PWDs, in transport.

Regarding the offer of fare concession and the content of concessions, based on the spirit of free trading, this is the commercial decision of individual public transport operators.

At present, certain public transport operators have offered fare concessions to PWDs. Members know clearly that among them, the MTR Corporation Limited (MTRCL) has been offering fare concessions to 100%-disabled CSSA recipients between 12 and 64 of age and DA recipients of the same age group since 22 December 2009.

To establish a caring and integrated society, the Chief Executive proposed in the latest Policy Address the provision of public transport concessions for aforesaid PWDs and elderly aged 65 or above, which enables them to travel on the general MTR lines, franchised buses and ferries anytime at a concessionary fare of \$2 a trip. It is expected that about 1.1 million people will benefit, including 130 000 PWDs.

Given the degree of disabilities of these people, they need more assistance and encouragement to go out to take part in various activities, so that they can

integrate into society further. This forms the basis for the Government to provide existing subsidy schemes and MTR fare concessions to persons with disabilities that require no financial status assessment and means tests.

The subsidies provided by the Government should be complemented by the business sector who should undertake corporate social responsibility. Two government bureaux and one department, namely the Labour and Welfare Bureau, the Transport and Housing Bureau and the Transport Department, have joined hands to carry out the co-ordination work. They have contacted the public transport operators concerned and the Octopus Company, and urged them to continue undertaking their commitment on existing fare concessions. The bureaux and the department are discussing with the operators about the specific administrative and financial arrangements of the concession schemes with a view to implementing the concessionary fare of \$2 a trip expeditiously in the second half of next year.

Mr Ronny TONG requests the Government to strive for the progressive installation of facilities by various public transport operators for the convenience of PWDs, such as low floors and announcement displays, as a condition of license renewal.

I have to stress that the Government has endeavoured in realizing the concept of "barrier-free transport" by implementing barrier-free transport systems for the people of Hong Kong, including PWDs. The Government will maintain close contact with public transport operators to work on the improvement of transport facilities for the convenience of PWDs in accessing public transport services.

Various public transport operators have all along supported the concept of "barrier-free transport", and they will enhance their public transport facilities to provide better services to PWDs. For instance, a great majority of franchised bus companies have undertaken to choose wheelchair-accessible buses when they procure new buses. At present, all MTR stations, except Racecourse Station of the East Rail Line, are provided with at least one barrier-free access, where stairlifts, lifts, ramps or wheelchair aids, and so on, are available to facilitate passengers to enter and exit the stations. The MTRCL has invested over \$600 million in the past decade on station enhancement works, and another

\$200 million will be invested in the next five years to consolidate the barrier-free transport system further.

Mr Ronny TONG also proposes to include proof of disabilities as an eligibility criterion for approving compassionate rehousing to public rental housing (PRH), so that PWDs can be rehoused to PRH units as early as possible and resolve their housing difficulties.

Compassionate rehousing is a form of housing assistance, which aims at providing assistance to individuals and families who have genuine and imminent housing problems which cannot be solved by themselves. The Social Welfare Department (SWD) is responsible for recommending eligible applicants to Housing Department (HD) for allocation of public rental housing (PRH) unit.

In making the recommendations for "compassionate rehousing", social workers will make a professional judgment by considering the actual situation of applicants in various aspects, including assessing whether the applicant have the specified medical needs, say the physical health and the degree of disability of the applicants, or social needs, say the resources available to the applicants. Recommendations are made if necessary to the HD for the consideration of allocating PRH units under the "compassionate rehousing" arrangement.

President, in the past, the SWD has improved the operation of the DA scheme, as well as the guidelines on medical assessments, the MAF and the processing flow, in collaboration with the Hospital Authority and the Department of Health. To further enhance the implementation particulars, the SWD set up an inter-departmental task force in the end of 2009 to conduct a review basing on the recommendations made by the Ombudsman in the Direct Investigation report on the implementation arrangements of the DA scheme. With the completion of the judicial review on DA, the task force will complete the remaining work of the review as soon as possible, and it is expected that the review will be completed early next year and a comprehensive report will be submitted to the Panel on Welfare by then.

In addition to DA, we will continue to develop and reinforce the existing day care and community support services, put in more efforts in people-based

services, provide tailor-made training and support services to PWDs in the community, enhance the support for carers, enhance their caring capacity, establish mutual aid community network and provide multi-professional support, and so on, to facilitate persons with disabilities to fully integrate into society.

President, I so submit. Thank you.

PRESIDENT (in Cantonese): I now call upon Mr WONG Sing-chi to move the amendment to the motion.

MR WONG SING-CHI (in Cantonese): President, I move that Mr WONG Kwok-hing's motion be amended.

Mr WONG Sing-chi moved the following amendment: (Translation)

"To add ", given that" after "That"; to delete "; in this connection" after "concessions for PWDs"; to delete "and" after "protection of PWDs"; and to add "; and (f) to apply the concept of Portable Comprehensive Social Security Assistance Scheme to DA and remove the permissible limit of absence from Hong Kong, so that eligible PWDs residing in Guangdong and Fujian can also receive DA" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Mr WONG Kwok-hing's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

PRESIDENT (in Cantonese): Mr TAM Yiu-chung, as the amendment by Mr WONG Sing-chi has been passed, you may now move your revised amendment.

MR TAM YIU-CHUNG (in Cantonese): President, I move that Mr WONG Kwok-hing's motion as amended by Mr WONG Sing-chi be further amended by my revised amendment. The main point in my revised amendment is to retain the proposal in paragraph (f) of the original motion and make corresponding change to the paragraph index.

Mr TAM Yiu-chung moved the following further amendment to the motion as amended by Mr WONG Sing-chi: (Translation)

"To add "; and (g) to allow elderly recipients of DA to receive the Old Age Allowance at the same time" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr TAM Yiu-chung's amendment to Mr WONG Kwok-hing's motion as amended by Mr WONG Sing-chi be passed.

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

PRESIDENT (in Cantonese): Members have already been informed, as Mr TAM Yiu-chung's amendment has been passed, Dr PAN Pey-chyou has withdrawn his amendment.

PRESIDENT (in Cantonese): Mr Ronny TONG, as the amendments by Mr WONG Sing-chi and Mr TAM Yiu-chung have been passed, you may now move your revised amendment.

MR RONNY TONG (in Cantonese): President, I move that Mr WONG Kwok-hing's motion as amended by Mr WONG Sing-chi and Mr TAM Yiu-chung be further amended by my revised amendment. President, in my amendment, I do not delete any wordings in the original motion, but only add two more proposals to it. I hope Members will support my amendment.

Mr Ronny TONG moved the following further amendment to the motion as amended by Mr WONG Sing-chi and Mr TAM Yiu-chung: (Translation)

"To add "; and (h) to include proof of disabilities as an eligibility criterion for approving compassionate rehousing to public rental housing ('PRH'), so that PWDs can be rehoused to PRH units as early as possible and resolve their housing difficulties" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Ronny TONG's amendment to Mr WONG Kwok-hing's motion as amended by Mr WONG Sing-chi and Mr TAM Yiu-chung be passed.

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

PRESIDENT (in Cantonese): Since Mr WONG Kwok-hing has used up his speaking time, he cannot speak again to reply.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr WONG Kwok-hing, as amended by Mr WONG Sing-chi, Mr TAM Yiu-chung and Mr Ronny TONG, be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion as amended passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday 16 November 2011.

Adjourned accordingly at twenty-two minutes past Eight o'clock.

Appendix I**WRITTEN ANSWER****Written answer by the Secretary for Commerce and Economic Development to Ms Cyd HO's supplementary question to Question 2**

As regards the criteria for evaluating the Internet Learning Support Programme (the Programme), according to the Funding and Operation Agreement between the Government and the two Implementers, the Government will conduct a mid-term review of the Programme after two years of implementation (that is, in 2013). The effectiveness of the Programme will be assessed on the basis of the following criteria:

- number of families who have participated in the Programme and used the services;
- number of training sessions and supporting activities as well as the number of participants (including students and their parents);
- satisfaction among participating families and students about the Programme and the services of the Implementers; and
- percentage of non-Internet users who have installed Internet access service after participating in the Programme.

The Funding and Operation Agreement has clearly set out the performance targets for each criterion. We will update the Legislative Council Panel on Information Technology and Broadcasting on progress of the Programme in mid-2012.