OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 17 April 2013

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

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE JAMES TO KUN-SUN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

THE HONOURABLE EMILY LAU WAI-HING, 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 TOMMY CHEUNG YU-YAN, S.B.S., J.P.

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

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 WONG TING-KWONG, S.B.S., J.P.

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

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN, J.P.

THE HONOURABLE CHAN KIN-POR, B.B.S., 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 KWOK-KIN, B.B.S.

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

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

THE HONOURABLE PAUL TSE WAI-CHUN, J.P.

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

THE HONOURABLE CLAUDIA MO

THE HONOURABLE MICHAEL TIEN PUK-SUN, B.B.S., J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, G.B.S., J.P.

THE HONOURABLE NG LEUNG-SING, S.B.S., J.P.

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

THE HONOURABLE MA FUNG-KWOK, S.B.S., J.P.

THE HONOURABLE CHARLES PETER MOK

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN

DR THE HONOURABLE KENNETH CHAN KA-LOK

THE HONOURABLE CHAN YUEN-HAN, S.B.S., J.P.

THE HONOURABLE LEUNG CHE-CHEUNG, B.B.S., M.H., J.P.

THE HONOURABLE KENNETH LEUNG

THE HONOURABLE ALICE MAK MEI-KUEN, J.P.

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK

THE HONOURABLE CHRISTOPHER CHEUNG WAH-FUNG, J.P.

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE SIN CHUNG-KAI, S.B.S., J.P.

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

THE HONOURABLE MARTIN LIAO CHEUNG-KONG, J.P.

THE HONOURABLE POON SIU-PING, B.B.S., M.H.

THE HONOURABLE TANG KA-PIU

DR THE HONOURABLE CHIANG LAI-WAN, J.P.

IR DR THE HONOURABLE LO WAI-KWOK, B.B.S., M.H., J.P.

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE CHRISTOPHER CHUNG SHU-KUN, B.B.S., M.H., J.P.

THE HONOURABLE TONY TSE WAI-CHUEN

PUBLIC OFFICERS ATTENDING:

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

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

PROF THE HONOURABLE ANTHONY CHEUNG BING-LEUNG, G.B.S., J.P.
SECRETARY FOR TRANSPORT AND HOUSING

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

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

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

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

THE HONOURABLE EDDIE NG HAK-KIM, S.B.S., J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE WONG KAM-SING, J.P.
SECRETARY FOR THE ENVIRONMENT

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

CLERKS IN ATTENDANCE:

MR KENNETH CHEN WEI-ON, S.B.S., SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, DEPUTY 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	*L.N. No.*
Frontier Closed Area (Amendment) Order 2013	49/2013
Frontier Closed Area (Permission to Enter) (Amendment) Notice 2013	50/2013
Banking (Capital) (Amendment) Rules 2013	51/2013
Banking (Disclosure) (Amendment) Rules 2013.....	52/2013
Residential Care Homes (Persons with Disabilities) Ordinance (Commencement) Notice 2013	53/2013

Other Papers

No. 86 — Financial Reporting Council
Annual Report 2012

No. 87 — Quality Education Fund
Financial statements for the year ended 31 August 2012

No. 88 — Education Development Fund
Financial statements for the year ended 31 August 2012

No. 89 — Research Endowment Fund
Financial statements for the year ended 31 August 2012

No. 90 — Report No. 60 of the Director of Audit
on the results of value for money audits - March 2013

Report No. 14/12-13 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

WRITTEN ANSWERS TO QUESTIONS

Subsidies for Pre-primary Education

1. **MR CHAN CHI-CHUEN** (in Chinese): *President, the deadline for the Education Bureau to accept applications for tuition fee revision for kindergartens (KGs) for the 2013-2014 school year expired in early March this year. It has been reported earlier in the press that, in the face of pressure from cost hikes including rents and teacher salaries, and so on, the rates of increase in KG tuition fees applied for this year range from about 5% to 10%; and the situation is particularly severe in the North District, where almost 30% of the 41 KGs participating in the Pre-primary Education Voucher Scheme (PEVS) intend to raise their tuition fees, with the highest rate of increase reaching 10%. Some parents from the North District have relayed that they face heavy financial burden because the voucher value has remained at the level of $16,800 per student per annum without adjustment. In this connection, will the Government inform this Council:*

(a) apart from the report on the review of PEVS submitted by the Education Commission in 2010, whether the Government has reviewed the scheme since its launch in the 2007-2008 school year; whether it will adjust the voucher value in response to changes in the economic conditions; if so, of the details; if not, the reasons for that; and

(b) in addition to PEVS, whether the Government has formulated policies to help parents cope with the fee hikes of early childhood education, and whether it has considered providing more assistance to the early childhood education sector in resolving their difficulties in operating the business?

SECRETARY FOR EDUCATION (in Chinese): President,

(a) Since its introduction in the 2007-2008 school year, the PEVS has been under ongoing review for its effectiveness by the Education Bureau with a view to rolling out timely enhancement measures.

As part of this effort, a Working Group under the Education Commission completed a comprehensive review of the PEVS in 2010 and put forth recommendations to enhance the PEVS. Major enhancement measures implemented by the Education Bureau after the reviews are set out as follows:

(i) To ensure that a reasonable choice of eligible and affordable KGs for needy families is available under the PEVS, starting from the 2009-2010 school year, the Government has reinstated an annual adjustment mechanism for the fee remission ceilings under the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS) on the basis of the weighted average fees of non-profit-making half-day and whole-day KGs under the PEVS;

(ii) To further tie in with the implementation of the PEVS, with effect from the 2011-2012 school year, the KCFRS has been modified to provide enhanced assistance in KG education to needy families, which includes:

- Revising the calculation of fee remission under the KCFRS to provide additional financial support to needy families on top of the voucher value (that is, the amount of voucher subsidy);

- Removing the social needs assessment for eligibility for whole-day rate of fee remission; and

- Adjusting annually the meal allowance ceiling for needy KG children attending whole-day PEVS KGs in accordance with the Consumer Price Index (A);

(iii) Starting from the 2012-2013 school year, the voucher subsidy has been disbursed according to the tuition fee payment schedule of KGs so as to reduce their difficulties in handling administrative and accounting work; and

(iv) Starting from the 2012-2013 school year, the fee thresholds of PEVS KGs and the amount of voucher subsidy have been adjusted annually in accordance with the Composite Consumer Price Index (CCPI).

As mentioned above, the Education Bureau has adjusted the amount of voucher subsidy starting from this school year according to the year-on-year rate of change in the CCPI. After adjustment, the amount of voucher subsidy in the 2012-2013 school year is $16,800 per student per annum, and it will further increase to $17,510 per student per annum in the 2013-2014 school year.

(b) At present, apart from the voucher subsidy, needy families may obtain additional assistance under the KCFRS to cover the part of the tuition fees which is in excess of the voucher value. The actual fee remission will be 50%, 75% or 100% of the difference between the actual fee charged by KGs or the fee remission ceiling, whichever is the less, and the amount of voucher subsidy. As mentioned in part (a), the Government has introduced various enhancement measures to the KCFRS in order to provide more appropriate support to families in need.

To help all PEVS KGs improve their teaching and learning resources and facilities, the Education Bureau plans to provide them with a one-off grant for carrying out improvement works, and procuring furniture and learning resources with a view to enhancing teaching and learning effectiveness. Subject to the approval of the Finance Committee of the Legislative Council, we will disburse the grant to all eligible KGs in the 2013-2014 school year.

Providing practicable 15-year free education and better quality KG education is one of the priorities of the current-term Government. In this regard, a committee was set up in April this year to study how to take forward free KG education in a practicable manner and make concrete recommendations to the Education Bureau. The current estimate is that the committee will take two years to complete its work. In the meantime, the committee will explore short- and

medium-term measures to help the KG sector meet their existing challenges. The Government will actively consider providing support in this regard.

Provision of Bank Branches and Automatic Teller Machines

2. **MR CHRISTOPHER CHEUNG** (in Chinese): *President, some members of the public have relayed to me that the number of bank branches providing counter services has been decreasing continuously, causing inconvenience to their daily lives. In addition, some residents in Cheung Chau and Ping Chau have complained that as there are insufficient automatic teller machines (ATMs) on the islands and the ATMs operate on different network systems (systems), they cannot cope with the demand of residents and tens of thousands of tourists during holidays. As a result, long queues are often formed before ATMs and services of ATMs suspended from time to time due to overloading. In this connection, will the Government inform this Council:*

(a) whether it knows the respective numbers of bank branches and ATMs in Hong Kong in each of the past three years, as well as the rates of change each year;

(b) whether it knows the ratios of Hong Kong population to the number of bank branches and ATMs in each of the past three years, with a breakdown of the number of ATMs by the 18 District Council districts and, among them, of the respective ratios of ATMs to the total numbers under the systems of Electronic Teller Card and Joint Electronic Teller Services Limited;

(c) whether the Government has put in place measures (such as providing incentives to banks or providing space at premises of public service organizations) to ensure that basic banking services are available in a district when its population has reached a specified number; if it has, of the details; if not, the reasons for that;

(d) whether it knows the respective numbers of residents on various outlying islands with regular ferry services, the numbers of tourists to the islands, as well as the numbers of bank branches with counter services on the islands, in each of the past three years;

(e) whether it knows the respective numbers of ATMs (with a breakdown by system) and the person-times using ATMs on various outlying islands in the past three years, as well as the number of occasions of service suspension; and

(f) given that some members of the public have relayed that there is almost no bank counter services on outlying islands, and the services of ATMs under individual systems are always suspended due to overloading, whether the Government will urge banks to increase the numbers of ATMs under different systems on various outlying islands with regular ferry services (in particular Cheung Chau and Ping Chau) in order to cope with the demand; if it will, of the details; if not, the reasons for that?

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

(a) The numbers of bank branches in the past three years are as follows:

At the end of	*Number of bank branches*	*Change*	*% Change*
2010	1 313	+20	+1.5%
2011	1 334	+21	+1.6%
2012	1 313	-21	-1.6%

Source: Hong Kong Monetary Authority

The numbers of ATMs in the past three years are as follows:

At the end of	*Total number of ATMs*	*Change*	*% Change*
2010	2 909	+140	+5.1%
2011	3 080	+171	+5.9%
2012	3 210	+130	+4.2%

Source: Hong Kong Association of Banks

(b) The ratios of estimated total Hong Kong population to bank branches and ATMs in the past three years are as follows:

At the end of	*Population*[(1)]	*Number of persons per bank branch*	*Number of persons per ATM*
2010	7 024 200	5 350	2 415
2011	7 071 600	5 301	2 296
2012	7 154 600	5 449	2 229

Note:

(1) Based on the population estimates of the Census and Statistics Department. Population estimates provide information on the population in Hong Kong. Population census and population by-census provide more detailed information on the geographical distribution of the population. It is an established practice for Hong Kong to conduct a population census once every 10 years and a by-census in the middle of the intercensal period. The last round of population census was conducted in 2011.

The numbers of ATMs by networks in the past three years are as follows:

At the end of	*JETCO Network*	*HSBC/HSB Network*	*Total*
2010	1 657	1 252	2 909
2011	1 793	1 287	3 080
2012	1 937	1 273	3 210

Source: Hong Kong Association of Banks

The latest numbers of ATMs by districts are as follows:

	Number of ATMs		
	JETCO Network (as of early April 2013)	*HSBC/HSB Network (as of March 2013)*	*Total*
Hong Kong Island	*566(29%)*	*320(25%)*	*886*
Central and Western District	200(10%)	116(9%)	316
Eastern District	151(8%)	93(7%)	244
Southern District	47(2%)	19(2%)	66
Wan Chai District	168(9%)	92(7%)	260

	Number of ATMs		
	JETCO Network (as of early April 2013)	*HSBC/HSB Network (as of March 2013)*	*Total*
Kowloon	*667(34%)*	*458(36%)*	*1 125*
Sham Shui Po District	98(5%)	83(7%)	181
Kowloon City District	107(5%)	64(5%)	171
Kwun Tong District	153(8%)	95(7%)	248
Wong Tai Sin District	65(3%)	54(4%)	119
Yau Tsim Mong District	244(13%)	162(13%)	406
New Territories	*715(37%)*	*491(39%)*	*1 206*
Islands District	40(2%)	38(3%)	78
Kwai Tsing District	100(5%)	69(5%)	169
North District	73(4%)	47(4%)	120
Sai Kung District	75(4%)	52(4%)	127
Sha Tin District	135(7%)	94(7%)	229
Tai Po District	48(2%)	34(3%)	82
Tsuen Wan District	78(4%)	49(4%)	127
Tuen Mun District	79(4%)	50(4%)	129
Yuen Long District	87(5%)	58(5%)	145
Total	1 948(100%)	1 269(100%)	3 217

Source: Joint Electronic Teller Services Limited and the relevant banks

We do not have the number of ATMs by districts for the year 2011 and 2012.

(c) As noted in the response to part (a) of the question, the number of bank branches increased in 2010 and 2011. While there were 21 fewer bank branches in 2012, the number of ATMs has actually increased by 441 sets (including ATMs not in bank branches) over the past three years. Apart from bank branches and ATMs, we understand that EPS Company (Hong Kong) Limited, which is a consortium of 20 major banks in Hong Kong, is also providing cash withdrawal services in over 2 500 retail outlets of merchants (including major supermarkets and convenient stores). This shows that the banking industry has been adopting measures to improve availability and accessibility of cash withdrawals services.

The Hong Kong Monetary Authority (HKMA) and relevant authorities have been closely liaising with the banking industry to explore ways to help improve the availability and accessibility of banking services by, for instance, exchanging views and information

on related issues with the Financial Service Delivery Channels Committee of the Hong Kong Association of Banks. We believe that banks will select the most suitable delivery channels to provide services for their customers under a competitive operating environment in Hong Kong. Nevertheless, the provision of banking services in certain districts and the choice of delivery channels are basically a matter of commercial decisions for banks.

(d) Based on the population census conducted in 2011, the population of the Islands District is as follows:

	Year 2011 Population
Lantau Island	105 526
Peng Chau and Hei Ling Chau	7 048
Lamma and Po Toi	6 013
Cheung Chau	22 740
Islands District	141 327

Note:

Population of Islands District by District Council Constituency Areas

Banks have been providing teller services at bank branches in more populous outlying islands. The numbers of bank branches offering teller services in the Islands District in the past three years are as follows:

	2010	*2011*	*2012*
Lantau Island	15	14	14
Peng Chau	1	1	1
Lamma	1	1	1
Cheung Chau	4	4	3
Islands District	21	20	19

Visitors visiting outlying islands include local residents and overseas visitors. The Census and Statistics Department has no available information on the number of local residents visiting outlying islands each year. As regards overseas visitors, according to the Departing Visitors Survey conducted by the Hong Kong Tourism Board, about

10% of overnight visitors to Hong Kong visited the outlying islands during their stay in the last three years. We believe that the demand of these visitors for ATMs or teller services is not high.

(e) The latest numbers of ATMs in the Islands District are as follows:

	JETCO Network	*HSBC/HSB Network*	*Total*
Lantau Island	39	32	71
Peng Chau	0	1	1
Lamma	0	2	2
Cheung Chau	1	3	4
Islands District	40	38	78

We do not have information on the transaction volume and downtime of all ATMs in the Islands District. We understand that banks generally have procedures in place to prevent service disruptions of ATMs as far as possible. Please refer to the response to part (f) below for details.

(f) As noted in the response to part (d) of the question, banks have been offering teller services in more populous outlying islands. In addition, banks generally have procedures in place to replenish cash in ATMs regularly and will make special cash replenishment arrangements for holidays and festive seasons to minimize, as far as possible, service disruption caused by cash shortage. Banks also monitor operations of ATMs, and will make arrangements to repair malfunctioned ATMs to ensure that service can be resumed as soon as possible.

We are fully aware of the needs of residents of the Islands District regarding the availability and accessibility of banking services. The HKMA always encourages the banking industry, while operating on commercial principles, to take into account the needs of the public for banking services. The HKMA will continue to liaise with the banking industry to explore ways to help enhance banking services in the Islands District (including installation of more ATMs) to meet the needs of the public.

Housing Development Projects in Sham Shui Po

3. **DR PRISCILLA LEUNG** (in Chinese): *President, recently, the Government has planned to build four residential blocks of 37 to 39 storeys on North West Kowloon Reclamation Site 6 (Site 6) in Sham Shui Po, which is bounded by Sham Mong Road, Hing Wah Street West, Tonkin Street West and West Kowloon Highway (this site is zoned "Comprehensive Development Area" (CDA) in the approved South West Kowloon Outline Zoning Plan (OZP) No. S/K20/28). It has also planned to rezone a nearby site with an area of about 0.61 hectare bounded by Sham Mong Road, Fat Tseung Street West and Ying Wah Street from "Open Space" to "Residential (Group A)" to make way for building a block of about 40 storeys under the Home Ownership Scheme (HOS). On the other hand, I have received requests for assistance from Sham Shui Po residents. They consider that Sham Shui Po is a densely populated district with many tall buildings, and yet the Government still plans to build "a row" of high-rise buildings on Site 6 which is at present the only window for air ventilation in the district, and this will inevitably create a wall effect and affect air ventilation and the environment in the district. In this connection, will the Government inform this Council:*

(a) on the premise of dovetailing with the sustainable development of the district, whether the Government will conduct further public consultation on the gross floor area and height of the blocks as well as the plot ratio (PR), and so on, of the aforesaid development projects, with a view to preserving the only window for air ventilation in Sham Shui Po at present, and to avoid creating a wall effect; if it will, of the details; if not, the reasons for that;

(b) given the absence of a large community hall in Sham Shui Po at present, whether the cultural and recreational facilities planned to be built by the Government on Site 6 include a town hall with a 1 000-seat multi-purpose hall; if so, of the details; if not, the reasons for that;

(c) whether the Government has included beautifying West Kowloon and constructing a green city in the broad direction for its land development policy at present; if it has, whether it will review if the undertaking of the aforesaid development projects is contrary to that direction; and

(d) whether the Government will consider, targeting at the aforesaid development projects, setting up a steering group comprising representatives from the Development Bureau, the Transport and Housing Bureau, the Environment Bureau and the Home Affairs Bureau, so as to ensure that the development projects will not affect the quality of life of Sham Shui Po residents; if it will, of the details; if not, the reasons for that?

SECRETARY FOR DEVELOPMENT (in Chinese): President, Site 6 with an area of about 4.49 hectares is zoned "CDA" on the approved OZP No. S/K20/28. This zone is intended for comprehensive development/redevelopment of the area for residential and/or commercial uses with the provision of open space and other supporting facilities. The zoning is to facilitate the Administration to implement appropriate planning control over the development mix, scale (such as maximum building height), design and layout of the development, taking account of environmental, traffic, infrastructure and other constraints. The CDA site is subject to a maximum domestic PR of 6.5 and a maximum non-domestic PR of 1.5.

Pursuant to sections 4(A)1 and 4(A)2 of the Town Planning Ordinance (TPO), any development in the "CDA" zone would require the submission of planning application under section 16 of the TPO and obtaining the approval of the Town Planning Board (TPB). The TPB will prepare planning briefs for the "CDA" zones on the OZP, providing guidelines and important planning parameters (including development intensity) and development standards (including planning requirements for educational, cultural and leisure, social welfare/community and public transport facilities) for major developments. The Planning Department (PlanD) will consult the District Council on the draft planning brief and the TPB will take the comments of the District Council into account while considering the draft planning brief. The project applicant must refer to the planning brief approved by the TPB in order to comply with the provisions under the Notes of the OZP for the "CDA" zone when seeking planning permission from the TPB. When submitting an application, the applicant shall submit to the TPB an environmental assessment and other information as specified by the Notes of the OZP, including assessments on air ventilation, traffic and visual aspects.

In view of the pressing demand for housing land, after taking the overall planning of the district and its surrounding land use into account, it is also recommended that the site bounded by Sham Mong Road, Fat Tseung Street West and Ying Wah Street (with an area of about 0.61 hectare) be used for HOS development providing about 700 units. The site is zoned "Government, Institution or Community" and "Open Space" on the OZP and the Administration will recommend to the TPB to rezone the site to "Residential (Group A)". The existing community facilities or those reserved for future development in the original zones will be included in the future development of Site 6.

The PlanD and Housing Department consulted Sham Shui Po District Council (SSPDC) on the above development proposals. SSPDC agreed on the development proposal for Site 6 and had no objection to the proposed rezoning. The proposed amendments to the OZP will be submitted to the TPB for consideration in due course.

My reply to the four parts of the question raised by Mr LEUNG is as follows:

(a), (c) and (d)

As Site 6 is zoned "CDA" and proposed for subsidized housing development, the Housing Authority (HA) will, in accordance with the planning brief, submit the Master Layout Plan with a planning application to the TPB under section 16 of the TPO. The HA will also organize a community workshop shortly for engagement of stakeholders with a view to taking into account and balancing the needs of all parties concerned so that the design of the CDA site could be further optimized.

When the HA submits the planning application to the TPB for assessment, the TPB secretariat will seek the comments of the concerned bureaux/departments on the application, and will make available all documents submitted in the application for public inspection until the application is considered by the TPB. Any person may submit comments to the TPB on the application within the first three weeks of the public inspection period. The TPB will take into account the views/recommendations of the concerned

bureaux/departments and public comments received in considering the application. Since departmental co-ordination has already been featured in the existing mechanism, it is not necessary for the Government to separately set up an inter-departmental steering group for the development at Site 6.

In addition, micro-climate and environmental studies have been conducted for the project with preliminary results indicating that the current five-block layout of Site 6 and the adjoining HOS site of Fat Tseung Street will not have an adverse effect on the wind environment of the neighbourhood. Nevertheless, in response to the concerns of the District Councillors and the public (including the comments received at the SSPDC meeting held in March 2013 regarding the development proposal of Site 6), the HA will study whether it is possible to reduce one block while maintaining the number of housing units to be produced, and will consider maximizing the gaps between the blocks as far as possible as well as maintaining a distance of more than 200 m from Hoi Lai Estate so as to further enhance the wind environment. This will also ensure the optimal use of the site.

(b) The proposed comprehensive development at Site 6 includes an indoor games hall which can also be used as a multi-purpose activities centre accommodating up to 800 persons. In response to some District Council members' suggestion to increase its capacity to 1 000 persons, the HA will further discuss with relevant departments to assess its feasibility, facilities, the future operational and management arrangements.

Regulation of Playgroups for Pre-school Infants

4. **MR MICHAEL TIEN** (in Chinese): *President, in recent years, an increasing number of parents enrol their children in playgroups for pre-school infants (playgroups), hoping to enhance the mental development of the infants or nurture the infants' physical and social skills. However, as playgroups are not subject to regulation by the Child Care Services Ordinance (CCSO) (Cap. 243) and the Education Ordinance (EO) (Cap. 279), some members of the public are*

concerned about the safety, quality and fees of playgroups, for example, variations in quality and teacher-to-students ratio of playgroups, some playgroup operators demanding parents to make advance payment of fees for several months, and parents having no access to information on the playgroups for reference when enrolling their children in such playgroups. In this connection, will the Government inform this Council whether:

(a) the authorities have regularly collected data and information about playgroups, including the numbers of playgroup operators and infants participating in playgroups; if they have, of the responsible government department, and whether they can provide such information; if they have not collected such information regularly, the reasons for that;

(b) the authorities have vetted the qualifications and background of playgroup operators and group teachers; if they have, of the details; if not, the reasons for that;

(c) it will stipulate requirements in respect of the teacher qualifications, teacher-to-students ratio and programme contents of playgroups and exercise regulatory control in these respects; if it will, of the details; if not, the reasons for that;

(d) it will set a ceiling on the amount of advance payment of fees which playgroup operators may collect; if it will, of the details; if not, the reasons for that; and

(e) it will require playgroup operators to disclose to infants' parents the particulars of their playgroups (including teacher qualifications, teacher-to-students ratio and programme contents, and so on); if it will, how it will exercise regulatory control; if not, of the reasons for that?

SECRETARY FOR EDUCATION (in Chinese): President, under the CCSO (Cap. 243), any premises which habitually receive at any one time more than five children who are under the age of three years for the purposes of care and supervision are required to be registered as a child care centre. Currently, the

registered child care centres are subject to regulation in accordance with the CCSO by the Social Welfare Department (SWD) and the Joint Office for Kindergartens and Child Care Centres (JOKC) set up under the Education Bureau. The SWD is responsible for the regulation of the child care centres specially providing care and supervision for children under the age of three while the JOKC is responsible for the regulation of those which at the same time also provide education for children between three to six years old in the kindergarten-cum-child care centres. Playgroups for pre-school children are not subject to regulation of CCSO.

In accordance with the EO (Cap. 279), any institution, organization or establishment which provides for 20 or more persons during any one day or eight or more persons at any one time, any nursery, kindergarten, primary, secondary or post-secondary education or any other educational course by any means is required to be registered or provisionally registered as a school. Hence, playgroups which do not provide educational courses (for example, those aiming at children's mental development or at developing their physical and social skills) do not fall under the EO.

(a) As the activities offered by playgroups in general are not subject to the regulation of EO, the Education Bureau does not have statistics on playgroups as mentioned in the question.

(b) to (e)

If an organization provides educational courses, such as language learning, and so on, irrespective of the mode of activities and the age of students, it is required to be registered or provisionally registered as a school under the EO so long as it meets the above thresholds regarding the number of students. Schools registered or provisionally registered under the EO have to fulfil the requirements of the EO in respect of school premises, fees collection, teacher qualification, teacher-pupil ratio, curriculum, and so on, and to comply with guidelines issued by the Education Bureau from time to time. The Education Bureau officers can also conduct visits to any school to ensure its compliance with the EO and it is being run satisfactorily.

Supply of Public Rental Housing on Hong Kong Island

5. **MR WONG KWOK-HING** (in Chinese): *President, among the 75 000 public rental housing (PRH) units planned to be built by the Transport and Housing Bureau in the coming five years, only about 200 units will be located on Hong Kong Island, which are insufficient to meet the demand. It has been reported that the authorities are studying the feasibility of building PRH on a number of sites on Hong Kong Island, including a number of vacant sites in the western part of Kennedy Town, the sites of the temporary campus of the Hong Kong Academy at Ka Wai Man Road and the adjacent former Police Married Quarters, as well as the site of the former Mount Davis cottage area. The Hong Kong Housing Authority (HA) is also examining the feasibility of redeveloping Wah Fu Estate. In this connection, will the Government inform this Council:*

(a) of the number of PRH units on Hong Kong Island allocated to PRH applicants in each of the past three years; apart from the aforesaid sites, of the sites on Hong Kong Island which are being examined by the authorities for building PRH, as well as these sites' respective locations, areas and numbers of PRH units to be provided;

(b) of the progress and anticipated completion time for the feasibility studies on building PRH on the aforesaid sites; whether there are construction timetables at present, as well as these sites' respective areas and numbers of PRH units to be provided; and

(c) of the progress and anticipated completion time for the feasibility study on the redevelopment of Wah Fu Estate; whether there is a redevelopment timetable at present; whether any sites will be earmarked for rehousing the residents affected by the redevelopment; if so, of the locations and areas of such sites; if not, the reasons for that?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, to address the strong demand for PRH, the Government is fully committed to implement the Public Housing Construction Programme proactively. According to the HA's latest Public Housing Construction Programme, there will be a total PRH production of about 79 000 flats in the five-year period starting from

2012-2013. Beyond this, we have decided to increase the PRH production with a target of at least 100 000 units for the five years starting from 2018.

My reply to the questions raised by Mr WONG Kwok-hing is as follows:

(a) and (b)

In the past three financial years, the total number of PRH units on Hong Kong Island allocated to Waiting List applicants is 2 700, including around 1 250 new flats in Chai Wan Estate.

In the "Land Use Review of the Western Part of Kennedy Town" Study, the site comprising the Hong Kong Academy School Premises and Ex-Kennedy Town Police Married Quarters at Ka Wai Man Road, and Ex-Mount Davis Cottage Area is proposed for public housing development. Planning Department together with relevant departments will soon consult the Central and Western District Council on this land use review. Meanwhile, the HA is assessing the technical feasibility (including the development programme and flat production) of developing this site for public housing use. The District Council and locals will be consulted when appropriate.

(c) The HA has a Comprehensive Structural Investigation Programme (CSIP). So far, 42 estates aged 30 years and above have been included in the CSIP. Wah Fu Estate was included in the CSIP in 2005, and based on its structural condition at the time, it was identified as one that would be retained. The HA investigates the structural conditions of all PRH estates that have undergone comprehensive structural investigation and are retained on a 15-year cycle.

To better assess the redevelopment potential of aged estates, the HA endorsed the "Refined Policy on Redevelopment of Aged Public Rental Housing Estates" in 2011. According to this, in considering clearance and redevelopment of aged estates, the HA will refer to the findings of the CSIP on structural safety, the cost-effectiveness in repair works, and will also examine the redevelopment potential and availability of suitable rehousing resources. By reviewing the

specific site characteristics and developable area in the vicinity of individual estates, the HA will conduct a series of detailed studies including various technical and environmental impact assessments, local master planning, urban design and development intensity, and so on. The HA will also liaise with relevant bureaux and government departments on issues relating to the community, social welfare, transport and educational facilities, and so on, in the districts concerned. Only after the completion of these assessments can the HA take a view on the feasibility of redeveloping an estate and to draw up suitable implementation programmes accordingly. At present, there is no plan to redevelop Wah Fu Estate.

When drawing up redevelopment plans for aged estates, consideration would be given by the HA to rehouse the affected tenants to suitable PRH estates. Where resources permit, we will try to meet the aspirations of the affected tenants for local rehousing within the same district or rehousing to other districts according to their preferences.

Provision of Direct Means of Public Transport Between Tuen Mun and Lok Ma Chau Spur Line Control Point

6. **MR TAM YIU-CHUNG** (in Chinese): *President, some Tuen Mun residents have relayed that since its commissioning in August 2007, the Lok Ma Chau Spur Line Control Point (the Control Point), which connects Futian in Shenzhen, has all along been one of the major boundary crossings to the Mainland for residents in New Territories West. However, there is currently no direct means of public transport available to Tuen Mun residents travelling to the Control Point during daytime, and they can only take a green minibus (GMB) of route no. 44B or 44B1 to the Lok Ma Chau (San Tin) Public Transport Interchange first, and then change to a bus or minibus to the Control Point. Such an arrangement has caused inconvenience to the residents. On the other hand, GMBs of the two routes are permitted to access the Control Point from 11 pm to 6.30 am. Tuen Mun residents have all along been striving for full-day access to the Control Point by GMBs of the aforesaid routes, and the Tuen Mun District Council has also passed a motion in support of such request, but the*

authorities have rejected it so far. In this connection, will the Government inform this Council:

(a) whether it has assessed the current daily transport demand of Tuen Mun residents for travelling to and from the Control Point, as well as whether the existing public transport services can meet that demand; if it has, of the details; if not, the reasons for that; and

(b) of the reasons for the authorities' rejection of the aforesaid request, and whether the authorities will consider afresh allowing GMBs of the aforesaid routes to access the Control Point during daytime, or making other arrangements, in order to meet the transport demand of Tuen Mun residents for travelling to and from the Control Point; if they will, of the details; if not, the reasons for that?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, currently, there are two boundary control points (BCPs) in Lok Ma Chau, namely the Lok Ma Chau Spur Line Control Point (Spur Line CP) connecting Futian Port and the Lok Ma Chau Control Point (Lok Ma Chau CP) connecting the Huanggang Port.

The Spur Line CP was originally designed to serve only railway passengers. Following a proposal raised by the Legislative Council's Subcommittee on Matters relating to Railways at its meeting on 27 November 2002, the Government subsequently agreed to build a public transport interchange (PTI) adjacent to the Spur Line CP, so that members of the public may use public transport services other than railway for cross-boundary trips at the Spur Line CP. Given its geographical constraints and the need to protect the environment nearby, the size of Lok Ma Chau Spur Line PTI (the Spur Line PTI) is not big and it can only accommodate limited public transport services. There is at present a franchised bus route no. B1 and a GMB route no. 75 heading for Tin Shui Wai Railway Station and Fook Hong Street in Yuen Long respectively. There is also a taxi stand at the Spur Line PTI.

The Lok Ma Chau CP is one of the major BCPs for Guangdong — Hong Kong vehicular traffic. It was originally designed for cross-boundary freight transportation without a PTI. Members of the public going to the Huanggang

Port may take cross-boundary coaches or cross-boundary hire cars; or take Huanggang — Lok Ma Chau cross-boundary shuttle buses at the Lok Ma Chau (San Tin) PTI (San Tin PTI). At present, there are a number of franchised bus routes and GMB routes connecting to Tuen Mun, Yuen Long and North District and a taxi stand at the San Tin PTI. To tie in with the 24-hour passenger clearance services at the Lok Ma Chau CP, the Transport Department (TD) has since 2003 permitted access by taxis and all GMB routes (including GMB routes no. 44B and 44B1 departing from Tuen Mun) terminating at the San Tin PTI to pick up passengers at the Lok Ma Chau CP between 11 pm and 6.30 am daily. As the location serving as GMB/taxi termini at the Lok Ma Chau CP is the staff car park for the law-enforcement agencies and the location serving as GMB/taxi waiting areas is used as the waiting area for cross-boundary coaches in the daytime, the above arrangements can only be implemented in the overnight period.

My reply to the two parts of Mr TAM's question is as follows:

(a) The Government has taken into account the need of the public (including Tuen Mun residents) for cross-boundary commuting trips when planning the public transport services at the Spur Line PTI. Given the capacity constraints of the transport and BCP facilities and in order to minimize vehicular flow where possible, commuters taking buses or minibuses to and from the Spur Line CP may have to rely on interchange en-route. The Administration will ensure that the provision of public transport feeder services and their overall arrangements are smooth to cater for the needs of passengers travelling to and from different districts. In 2012, the average number of passenger trips to and from the Spur Line CP using franchised buses, GMBs and taxis was about 52 000 per day. According to the TD's survey, about 8% or 4 200 of these trips terminated at Tuen Mun. Currently, Tuen Mun residents heading for the Spur Line CP may take GMB route no. 44B or 44B1 to the San Tin PTI where they can interchange to GMB route no. 75 for their onward journeys to the Spur Line PTI. Alternatively, they may take franchised bus route no. B1 in Yuen Long to go to the Spur Line CP.

The public transport arrangements connecting Tuen Mun and the Spur Line CP have been operating smoothly. The service of franchised bus route no. B1 and GMB route no. 75 is rather frequent and that enables them to function effectively as feeders. The overall arrangements should meet the transport need of the Tuen Mun residents for service to and from the Spur Line CP.

(b) We have been maintaining a dialogue with the Tuen Mun District Council on the request of local residents for direct public transport services to and from the Spur Line PTI. Given the Spur Line PTI's location in a conservation area where stringent restrictions on vehicular traffic have to be observed, the need to accommodate the increasing school bus services for cross-boundary students in recent years and the limited size of the PTI itself, it is very difficult to make space for new bus or GMB routes.

The TD would continue to closely monitor the number of passengers using the Spur Line CP, as well as the mode of transport used by passengers commuting to and from the BCP. The relevant public transport services will be adjusted as appropriate to cope with the passengers' demand.

Government's Land Sale Mechanism

7. **MR TONY TSE** (in Chinese): *President, some professionals have relayed to me that in recent years, the Government has sold land more and more often by tender. However, the tendering procedure lacks transparency. For example, the Government announces the tender results and details of the successful bids only, and it will not make public the numbers of qualified and unqualified bids received, the highest and lowest bidding prices, or the reasons why other bids are unsuccessful, and so on. In this connection, will the Government inform this Council:*

(a) of the respective numbers of sites sold by the Government through auction and tender in each of the past five years; whether relatively

fewer sites were sold by auction; if so, of the reasons for that; the criteria based on which the Government decides on the means of land sale to be adopted;

(b) whether the Government will comprehensively review and enhance the current procedure for the sale of land by tender, so as to increase its transparency; if it will, of the details of the review and the implementation timetable; if not, the reasons for that and whether it will conduct such a review in future;

(c) whether the Government will sell land, particularly the residential sites, more often by auction in future; if it will, of the details; if not, the reasons for that; and

(d) whether the Government will draw up and announce a land sale programme covering a longer period (for example, three to five years) to replace the current practice of announcing the land sale programme on a quarterly basis, so as to enable the market and members of the public to better grasp the situation of future supply of land and property units; if it will, of the details; if not, the reasons for that?

SECRETARY FOR DEVELOPMENT (in Chinese): President, my reply to parts (a) to (d) of the question is set out below:

(a) and (c)

The number of sites (including those for residential, non-residential and other special purposes such as petro-filling stations, and so on) sold by the Government through auction or tender in the past five financial years[(1)] is tabulated below:

(1) Based on the date of auction/tender award.

Financial Year	*Number of sites sold by auction*	*Number of sites sold by tender*	*Total*
2008-2009	1	2	3
2009-2010	4	6	10
2010-2011	10	7	17
2011-2012	10	29	39
2012-2013	0	28	28
Total	25	72	97

Public tender and auction are two land sale means that the Government has been adopting all along. They have different operational details, but both are fair, just and competitive means of land sale. In recent years, the Government has sold sites by adopting the tender means more often, the main consideration being that under the tendering situation, the bidders can submit bids calmly having regard to their development plans and assessment of the market.

(b) The Government reviews the land sale procedures from time to time with a view to maintaining adequate market transparency.

Before invitation of tender for individual sites, the Lands Department (LandsD) normally issues press release one month before invitation date, giving important parameters on site area, gross floor area, and so on. Whenever possible, the LandsD uploads draft land sale conditions before tender invitation. These draft land sale conditions are usually not much different from their finalized version released upon tender invitation. For cases where draft land sale conditions have not been uploaded much earlier, the LandsD may consider slightly lengthening the tender period of individual sites on a need basis. Hence, interested bidders have been able to make the necessary preparations.

As for land sale through the tender means (determined based on the bidding price), the information on the tendering result announced by the LandsD includes the name of the successful bidder and its bidding price, as well as the names and number of other bidders.

Since March 2013, the LandsD has also announced the names of the parent companies of the bidders if shown in the tendering documents submitted.

The above measures have provided the market with the needed transparency.

(d) To expand and supply land is ongoing work. The Government will continue to work hard to increase land supply by adopting a multi-pronged approach, and expedite the allocation of new land for various suitable uses, including the development of subsidized housing or supply to the market for private development. When government sites are ready for private development, they will be included in the annual Land Sale Programme. As the information on the sites intended to be supplied for land sale is commercially sensitive that could impact on the property market, the Government needs to act prudently and consider carefully the impact of announcing any land information. Specifically, there is inevitably less certainty in the information for a longer period, and sites may involve different studies and preparatory work before they are available for sale. Possibilities are that such information, if released prematurely, could send wrong signals to the market. We have no plan to change the current arrangements for announcing the annual Land Sale Programme on a yearly basis and the sites to be put up for sale on a quarterly basis. The existing arrangements can provide transparency for the market, while preserving the Government's flexibility to respond to market situations and demand.

Claims of Medical Negligence

8. **DR LEUNG KA-LAU** (in Chinese): *President, will the Government inform this Council whether it knows the following details of the claims of medical negligence received by the Hospital Authority (HA) in the past five years:*

(a) the latest numbers of such cases (set out in the following table, broken down by handling method and result);

Year in which the cases were reported	*2008*	*2009*	*2010*	*2011*	*2012*
Total number of cases					
Number of cases settled out of court					
Number of cases referred to mediation					
Number of cases settled during mediation					
Number of cases settled after mediation					
Number of cases referred to arbitration					
Number of cases settled through arbitration					
Number of cases ruled by the Court					

(b) the latest figures concerning the amounts of compensation and relevant costs involved in such cases (set out in the following table, broken down by handling method and result);

Year in which the cases were reported		*2008*	*2009*	*2010*	*2011*	*2012*
Total amount of compensation paid						
Amount of compensation paid in respect of cases settled out of court						
Amount of compensation paid pursuant to the agreements reached by mediation						
Amount of compensation paid pursuant to arbitration awards						
Amount of compensation paid pursuant to court rulings						
Mediation fees paid by the HA	*Mediators*					
	Lawyers					
	Others					
Arbitration fees paid by the HA	*Arbitrators*					
	Lawyers					
	Others					
Legal fees paid by the HA	*Lawyers*					
	Court					
	*Others**					

Note:

* *excluding fees related to mediation and arbitration*

(c) a breakdown of the number of such cases by the year in which they were reported and the type of medical negligence involved (set out in table form); and

(d) the number of medical practitioners involved in such cases (set out in table form, broken down by the year in which the cases were reported and their ranks)?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, upon receipt of a case of claim arising from a medical incident, it is the usual practice of the HA to conduct an investigation and seek legal advice before responding and explaining its stance on the claim to the patient or his/her lawyer. Depending on the circumstances of each individual case, the HA will appoint a loss adjuster or lawyer to conduct negotiation for settlement of the case. In the event that Court proceedings have commenced, the HA will appoint a lawyer to make defence, collect evidence, conduct mediation and negotiate a settlement, and so on, in the light of the circumstances and development of individual cases. For cases of claims received by the HA, some of the claimants may, after learning of the explanation from the HA or considering various factors, stop pursuing their claims further.

Provided below is information about cases of claims received by the HA arising from medical incidents reported under its medical incidents insurance scheme in the past five years.

(a) The numbers of cases of claims are as follows (as at the end of December 2012):

Year in which the cases are reported(1)	*2008*	*2009*	*2010*	*2011*	*2012*
Number of cases of claims	118	157	153	121	97
Number of cases of claims settled out of court(2)	32	38	33	17	3
Number of cases of claims referred to mediation(3)	2	8	1	0	0
(i) Number of cases of claims settled during mediation	2	4	1	0	0
(ii) Number of cases of claims settled after mediation	0	4	0	0	0

Year in which the cases are reported[1]	*2008*	*2009*	*2010*	*2011*	*2012*
Number of cases of claims referred to arbitration	0	0	0	0	0
Number of cases of claims settled through arbitration	0	0	0	0	0
Number of cases of claims ruled by the Court	0	0	0	0	0

Notes:

(1) The number of cases settled out of court or referred to mediation, and so on, for a particular year set out in the above table has already been included in the number of cases of claims reported for that year. For example, for cases reported in 2008, as at the end of December 2012, there were a total of 118 cases of claims received, of which 32 were settled out of court.

(2) Including cases of claims which were settled out of court after legal proceedings had commenced.

(3) The number of cases under this category has already been included in the number of cases of claims settled out of court.

(b) The amounts of compensation and relevant costs for various cases of claims (as at the end of December 2012) are as follows (all figures are round numbers and in million dollars):

Year in which the cases are reported[1]	*2008*	*2009*	*2010*	*2011*	*2012*
Total amount of compensation[2] paid in cases of claims settled out of court[3]	11.8	11.6	10.6	4.5	0.2
Amount of compensation paid according to arbitration awards	0	0	0	0	0
Amount of compensation paid according to court rulings	0	0	0	0	0
Fees paid by the HA to mediators	0.014	0.14	0.009	0	0
Arbitration fees paid by the HA	0	0	0	0	0
Legal fees paid by the HA in cases of claims settled out of court	5.2	7.2	3.3	1.0	0.1

Notes:

(1) The amounts of compensation/costs for a particular year set out in the above table refer to the compensation/costs paid for cases of claims reported for that year as at the end of December 2012. For example, for

cases reported in 2008, as at the end of December 2012, there were a total of 118 cases of claims, of which 32 were settled out of court, involving compensation totalling $11.8 million.

(2) Including cases of claims which were settled out of court after legal proceedings had commenced.

(3) The total amount of compensation in this row includes a sum of $4.5 million paid as compensation for cases settled during the mediation process. As the content of the compensation agreements must be kept confidential and the number of cases of claims settled during the mediation process is relatively small, we are unable to provide a breakdown on the amounts of compensation paid according to the agreements reached by mediation.

(c) and (d)

The HA has not kept statistics on the breakdown of claims by the type of medical negligence as well as the number and ranks of medical practitioners involved.

Handling of Complaints by Office of the Communications Authority

9. **MR WONG YUK-MAN** (in Chinese): *President, one of the work of the Office of the Communications Authority (OFCA), established in April 2012, is to deal with complaints lodged by consumers about telecommunications and broadcasting services. Quite a number of members of the public have relayed to me that their complaints about telecommunications and pay television services were rejected by the OFCA, making them feel perplexed and unsure of the scope of complaints accepted by the OFCA. In this connection, will the Government inform this Council of:*

(a) the respective numbers of complaints about telecommunications and pay television services received by the OFCA since April 2012 and, among such complaints, the number of those which had been followed up, with a breakdown by type of complaints; and

(b) the plan of the OFCA to publicize among the public the scope of complaints it accepts?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, telecommunications and broadcasting services are widely available to consumers in Hong Kong and have become an integral part of their daily lives. The Communications Authority (CA) receives enquiries and complaints concerning telecommunications and broadcasting services from members of the public from time to time. The CA is responsible for enforcing the provisions of the Telecommunications Ordinance, the Broadcasting Ordinance, the Broadcasting (Miscellaneous Provisions) Ordinance, as well as the telecommunications and broadcasting licences. When evidence shows that an operator may have breached the relevant provisions, the CA will conduct investigation. In cases where there is sufficient evidence to substantiate a breach, the CA will take regulatory action against the operator concerned.

Regarding the question raised by the Member, my reply is as follows:

(a) From April 2012 to March 2013, the OFCA received a total of 5 129 complaint cases about telecommunications service, which mainly concern service quality, billing disputes and contract matters. During the same period, the OFCA received a total of 385 complaints about pay television (other than those concerning programme contents), which mainly concern sales practice, billing disputes and contract matters.

The OFCA does not play the role of an arbitrator in handling complaints. After receiving such complaints, the OFCA will, upon obtaining consent of the complainants, refer them to the operators concerned for their handling and resolution. The OFCA will closely monitor the follow-up actions and replies of the operators. Based on past experience, most of the cases have been handled properly.

The number of complaints concerning telecommunications services received by the OFCA over the past year with break down figures by categories, and the numbers of cases referred to and handled by operators are set out in the table below:

April 2012 to March 2013	
Total number of complaints	5 129
- service quality	1 807
- contractual matters	1 093
- billing disputes	1 052
- others (for example, sales practices and telephone number porting matters)	1 177
Total number of cases referred(1)	4 059
- Number of cases already handled by operators	3 370
- Number of cases in progress(2)	689

Notes:

(1) The majority of the remaining cases could not be further dealt with because the complainants were unable to provide adequate information, or did not agree to authorize the OFCA to disclose case information or refer the cases to the operators concerned.

(2) For the complaint cases which are in progress, the OFCA has requested the operators to follow up the cases with the individual complainants appropriately.

Furthermore, the number of complaints concerning pay television services (other than those concerning programme contents) received by the OFCA over the past year with breakdown figures by categories, and the numbers of cases referred to and handled by operators are set out in the table below:

April 2012 to March 2013	
Total number of complaints	385
- sales practices	115
- contractual and billing matters	187
- others (for example, customer service)	83

April 2012 to March 2013	
Total number of cases referred(1)	326
- Number of cases already handled by operators	284
- Number of cases in progress(2)	42

Notes:

(1) The majority of the remaining cases could not be further dealt with because the complainants were unable to provide adequate information, or did not agree to authorize the OFCA to disclose case information or refer the cases to the operators concerned.

(2) For the complaint cases which are in progress, the OFCA has requested the operators to follow up the cases with the individual complainants appropriately.

(b) In mid-2012, the OFCA produced a series of announcements of public interest (APIs) for broadcast on TV and radio to publicize the establishment of the CA and introduce to the public ways to lodge complaints concerning broadcasting and telecommunications services with the CA. Broadcast of the APIs on TV and radio will continue this year. Publicity posters on the subject will also continue to be displayed in common areas including government properties, District Offices, estate management offices and on notice boards of building owners' corporation. Detailed guidelines on lodging complaints and the complaint forms are also provided to the public through the websites of the CA and the OFCA as well as their enquiry hotlines to enable the public to understand the role of the CA in dealing with complaints from consumers, the power conferred upon the CA by the legislation and the complaint handling procedures.

Moreover, the OFCA will continue to conduct consumer education activities regularly, including holding talks and roving exhibitions, showing videos online and on MTR and buses, staging online games, and so on, to introduce to the public the roles and functions of the CA and the OFCA, as well as to educate the public on the use of communications services and consumer interests. The OFCA will issue and update consumer alerts as necessary so that the public will know their rights better.

Visual Arts Subject Under New Senior Secondary Academic Structure

10. **MR MA FUNG-KWOK** (in Chinese): *President, according to the reports of the Hong Kong Examinations and Assessment Authority (HKEAA), among the 5 399 Secondary Five students who studied the Visual Arts (VA) subject under the New Senior Secondary Academic Structure (NSSAS) in the 2010-2011 school year, only 4 393 continued to study the subject when they were promoted to Secondary Six, representing a reduction of 18.6%. In addition, the number of candidates who sat for the VA subject in the first Hong Kong Diploma of Secondary Education (HKDSE) Examination in 2012 was 4 425, which was much less than those of candidates sitting for the VA subject in the former Hong Kong Certificate of Education (HKCE) Examination (9 512 candidates in 2000, and around 6 500 to 6 800 candidates in each year from 2008 to 2010). Besides, it has been reported that a survey conducted earlier by the VA Education Concern Core Group indicates that only 10% of the VA teachers interviewed concurred with the VA subject curriculum under the NSSAS, and the teachers interviewed generally considered that the marking scheme of the HKDSE Examination was too stringent. Only 53.5% of the candidates obtained the results of Level 3 or above in the VA subject in the first HKDSE Examination, while in each year from 2009 to 2011, an average of 93.9% of the candidates obtained the results of comparable level at Grade E or above in that subject in the Hong Kong Advanced Level (HKAL) Examination. On the other hand, only a small number of tertiary institutions offering art or related undergraduate programmes have specified in their admission requirements for such programmes that students who have obtained specified results in the VA subject in the HKDSE Examination will be accorded priority. In this connection, will the Government inform this Council:*

(a) of the respective numbers of Secondary Four, Five and Six students taking the VA subject in the 2012-2013 school year;

(b) whether the Government has examined the reasons for the drop in the number of candidates sitting for the VA subject in the HKDSE Examination and why quite a number of students dropped the subject in the course of their study; if so, of the details, whether such phenomenon was related to the curriculum design, examination assessment criteria or the results of the candidates sitting for the first HKDSE Examination, and which factor had a greater impact;

(c) whether the authorities have examined the reasons why the percentage of candidates obtaining Level 3 or above in the VA subject in the HKDSE Examination is lower than those of the candidates obtaining Grade E or above in the VA subject in the HKAL Examination, and whether such a situation is related to the curriculum design and examination assessment criteria of the subject; whether the authorities will consider taking measures to make such percentages comparable; if they will, of the details; if not, the reasons for that;

(d) whether the authorities have assessed the impact of the drop in the number of students for the VA subject under the NSSAS on the front-line teachers of arts education and on those schools which offer such programmes, and whether they have drawn up measures to tackle this problem; whether they have assessed the impacts of this problem on Hong Kong's art education as well as nurturing of talents in creative arts, and of the Government's measures to tackle the problem;

(e) whether the Government has studied the reasons for the low recognition for the curriculum of the VA subject under the NSSAS among the teachers of the subject; if so, of the details and the improvement measures to be taken by the Government; of the mechanism that the Government currently has to ensure that views of front-line teachers of the VA subject on the subject can be conveyed to the authorities, and how the authorities will respond to such views;

(f) whether it knows, among the students who enrolled in the art or related undergraduate programmes offered by Hong Kong's tertiary institutions last year, the number of those students who had previously studied the VA subject under the NSSAS;

(g) whether it has assessed the reasons for the relatively low recognition of HKDSE results of VA subject by the local tertiary institutions concerned, and of the improvement measures; whether it will consider suggesting the tertiary institutions concerned to accord priority to those students who have studied the VA subject, when drawing up their admission requirements for art or related programmes; if it will not, of the reasons for that; and

(h) whether the authorities have reviewed the implementation of the VA subject curriculum under NSSAS, and whether the curriculum can achieve the expected targets of the curriculum reform?

SECRETARY FOR EDUCATION (in Chinese): President, the survey mentioned by Mr MA, which was conducted by the VA Education Concern Core Group in January 2013, showed that only 10% of the teachers concurred with the VA curriculum under the Senior Secondary Academic Structure. The figure merely reflected the responses of 38 schools(1). As a matter of fact, the Education Bureau and the HKEAA conducted a School Survey on New Senior Secondary (NSS) Curriculum and Assessment from November to December 2012, which covered all secondary schools in Hong Kong and collected responses from 482 secondary schools. Among the 345 schools that responded to questions on the VA , the majority of responding teachers (65%) agreed that to develop students' knowledge and skills of art appreciation and criticism and art making, the existing curriculum framework and scope of learning should remain unchanged, subject to regular review and continuous provision of support measures for schools. Moreover, more than half of the responding teachers (54%) agreed that the structure and design of the public examination for the VA should remain unchanged, subject to regular review and continuous improvement of the examination every year.

The Education Bureau and the HKEAA have been attaching great importance to the implementation of the NSS VA curriculum and assessment, and have striven to enhance the quality of the VA learning and teaching through a range of measures. We have published a variety of learning and teaching materials, case analysis on assessment and examples of teaching design. We also hold seminars and teacher sharing sessions frequently, and build professional learning communities for teachers to enrich their professional knowledge. In addition, the Education Bureau organizes student sharing sessions for senior secondary students taking the VA elective subject to help them familiarize with the curriculum requirements and enhance the learning experience through peer support. The Education Bureau also conducts forums under the Dialogue with Celebrities Series to enhance public support for and awareness of VA education

(1) The article about VA teachers' whine about harsh grading in HKDSE Examination (視藝教師怨文憑試評分嚴苛) was published on Page A16 of *Wen Wei Po* on 27 January 2013.

through experience-sharing by guest speakers. Staff from the Education Bureau visits schools from time to time to ascertain the implementation of the VA curriculum, and responds to the needs identified and provides necessary support. Furthermore, we maintain close liaison with stakeholders such as school principals, university scholars and sector players as a means to gauge the views of different parties on the VA curriculum and assessment.

Our reply to the eight questions raised by Mr MA is as follows:

(a) According to the Survey on NSS Subject Information for the school year of 2012-2013, 6 267, 5 349 and 4 562 students at Secondary Four, Five and Six levels respectively took VA.

(b) The changes in the number of students taking NSS elective subjects are mainly attributed to a drop in the overall student population. Under the NSS curriculum, students are encouraged to explore their interests and enrich their experience in Secondary Four as far as possible. Students are therefore allowed to take more elective subjects and then decide whether to drop any of their elective subjects in Secondary Five or Six according to their own needs and abilities. As such, it is a normal development and well expected that the number/percentage of students taking elective subjects has gone down over the previous school year.

According to the HKCE Examination Statistics of Entries and Results over the Years and the 2012 HKDSE Examination Results (Press Release), candidates sitting for VA accounted for 6.0%, 5.7%, 5.4% and 6.1% of the total number of candidates in the three years from 2008 to 2010 and in 2012. The figures show no significant fall in the percentage of candidates sitting for VA[(2)].

Moreover, the Surveys on NSS Subject Information for 2010-2011 and 2011-2012 school years indicated that the changes in the percentage of students taking VA were similar to those in the case of

(2) In the three years from 2008 to 2010, the total numbers of candidates sitting for the HKCE Examination were 109 574, 119 007 and 127 162 respectively, while the numbers of candidates taking VA were 6 525, 6 783 and 6 804 respectively. In 2012, the total number of candidates sitting for the HKDSE Examination was 73 074, while the number of candidates taking VA was 4 425.

other elective subjects. In the 2011-2012 school year, the dropout rates of various elective subjects among students when they proceeded from Secondary Five to Secondary Six ranged from 11.8% to 28.8%, while the dropout rate for VA was 18.6%, which is considered normal.

(c) VA for the HKDSE Examination and the previous HKAL Examination differ in duration of study, contents, examination requirements and number of candidates. It is not appropriate to compare the two examinations. Besides, assessment of NSS subjects is standards-referenced instead of norm-referenced. Therefore, the HKEAA does not have any pre-set ratio for the performance of candidates.

(d) According to the Surveys on NSS Subject Information for the school years from 2009-2010 to 2012-2013, the number of schools offering VA increased from 345 (76.2% of all secondary schools in Hong Kong) to 357 (79.5% of all secondary schools in Hong Kong), leading to a moderate growth of demand for arts teachers. As such, the Education Bureau will continue to make vigorous efforts to provide appropriate support for teachers and students through different initiatives, such as offering professional development programmes, building professional learning communities, as well as developing a wide range of learning and teaching materials.

Moreover, different pathways are available under the NSS curriculum to promote arts education and nurture talents in creative arts. For instance, every senior secondary student is required to pursue Aesthetic Development in Other Learning Experiences. Students are free to choose from Music, VA and arts-related Applied Learning courses according to their interests and strengths. Furthermore, they can also make "arts" their theme for Independent Inquiry Study in Liberal Studies.

In fact, we can employ multi-faceted approaches to nurture talents in creative arts, not necessarily relying solely on NSS VA. Students' learning in other disciplines, such as Chinese Language, English Language, Humanities as well as Science and Technology,

complements arts learning by enhancing knowledge, skills and values that are relevant to the understanding of the different aspects of cultures. There are many cross-curricular learning opportunities across Key Learning Areas and all of these enable students to investigate the arts from different perspectives and help nurture talents in creative arts effectively.

(e) According to the survey conducted by the Education Bureau and the HKEAA in end-2012, which is mentioned in the first paragraph of our reply, the majority of responding teachers concurred with the NSS VA curriculum and its scope of learning. As a matter of fact, multi-stage and multi-level consultations had been carried out since 2003 before various NSS elective subjects were worked out, and front-line teachers and different stakeholders were engaged at each stage of consultation. Feedback from various channels was discussed before being adopted by the Curriculum Development Council — HKEAA Committee on VA (Senior Secondary), in which teachers were represented, so as to ensure that teachers' views could be fully taken on board. Due consideration was also given to the views of different stakeholders, while having regard to the development trend and international recognition of VA, when we worked out the details of the curriculum and assessment.

(f) We do not have the figures on the number of students previously taking VA and subsequently admitted to universities to pursue studies in arts or related disciplines last year.

(g) The entrance requirements of most local universities focus on the results of the four core subjects (that is, Chinese Language, English Language, Mathematics and Liberal Studies) and one to two specified/unspecified elective subjects. It is now a common thinking that reducing the number of specified elective subjects in the admission requirements of individual faculties or departments of universities will give schools flexibility in senior secondary curriculum planning, avoid immature streaming of students, and enable students to choose elective subjects according to their aptitude and interests.

Admission is a matter of autonomy for local universities, and individual faculties and departments have different criteria for admission. The Education Bureau is not in a position to require universities to consider giving more weighting to students taking VA when drawing up their admission criteria.

VA is no different from other elective subjects in terms of status, as it is just one of the NSS elective subjects.

(h) The Education Bureau has put in place initiatives to assess the implementation of the NSS curriculum. It has been gathering information through school visits, lesson observations, surveys, focus group meetings, interviews, forums, seminars, and so on, since 2009. The Education Bureau has also maintained close communication with stakeholders in order to be apprised of the implementation of the NSS curriculum. We are given to understand that the NSS VA curriculum has been implemented smoothly on the whole; students performed well in terms of art appreciation and criticism and art making skills, as well as generic skills (for example, creativity, critical thinking skills and communication skills), as proven by their pleasing results in the HKDSE Examination; and most teachers have a good grasp of the assessment criteria for School-based Assessment. Overall, the implementation of the NSS VA curriculum and assessment is satisfactory.

The information and data collected by the Education Bureau over the past few years not only facilitate our understanding of how NSS curriculum has been rolled out, but also serve as an invaluable reference for a review of the curriculum and assessment. Drawing on the experience gained so far, we will offer practicable recommendations and support to both schools and students to help them cope with the challenges during the implementation period. By so doing, we hope to address the stakeholders' concerns about the NSS curriculum and assessment in a timely manner.

Immigration Statistics Relating to Parallel Traders

11. **MR GARY FAN** (in Chinese): *President, it has been reported that the Coastal Defense and Anti-Smuggling Office of Guangdong Province disclosed at the end of last year that 95% of the travellers commuting between Guangdong Province and Hong Kong several times on the same day were parallel traders. In this connection, will the Government inform this Council:*

(a) of the respective monthly numbers of Mainland people entering Hong Kong on multiple endorsements (that is, multiple-entry permits) through land boundary control points during the period from April 2009 to February 2013 (set out a breakdown of the figures by month and the number of days between their entries and departures in the following table);

Number of persons / *Month*	*Number of days between entries and departures*			
	Same day	*2 to 3 days*	*4 to 7 days*	*More than 7 days to 1 month*
April 2009				
May 2009				
June 2009				

(b) of a breakdown of the Mainland people entering and leaving Hong Kong on the same day referred to in part (a) (set out the breakdown, by the number of entries to Hong Kong made on the day they entered and left Hong Kong and by month, in the following table); and

Number of persons / *Month*	*Number of entries on the same day*			
	1 entry	*2 entries*	*3 entries*	*4 or more entries*
April 2009				
May 2009				
June 2009				

(c) of the numbers of the Mainland people referred to in part (a) who were arrested, prosecuted and convicted in Hong Kong because of their participation in parallel trading activities (set out a breakdown of the numbers by month in the following table)?

Month	*Number of Mainland people arrested*		*Number of Mainland people prosecuted*		*Number of Mainland people convicted*	
April 2009						
May 2009						
June 2009						

SECRETARY FOR SECURITY (in Chinese): President,

(a) and (b)

Currently, Mainland residents may come to Hong Kong on the strength of various multiple endorsements, including one-year multiple individual visit endorsement (may stay up to seven days for each entry) and one-year multiple endorsement for visiting relatives (may stay up to 90 days for each entry). The numbers of arrivals on the strength of these two endorsements from April 2009 to February 2013 are tabulated below:

Year	*Month*	*One-year multiple individual visit endorsement*	*One-year multiple endorsement for visiting relatives*
2009	April	15 056(1)	0
	May	73 645	0
	June	98 123	0
	July	150 584	0
	August	206 506	0
	September	194 799	0
	October	232 297	0
	November	223 124	0
	December	278 074	27(2)

Year	*Month*	*One-year multiple individual visit endorsement*	*One-year multiple endorsement for visiting relatives*
2010	January	322 897	2 288
	February	313 270	5 192
	March	277 681	8 372
	April	270 322	12 551
	May	286 005	15 547
	June	278 820	16 003
	July	351 727	18 141
	August	414 146	21 478
	September	366 221	21 760
	October	420 056	23 763
	November	407 023	22 890
	December	459 842	24 801
2011	January	581 696	24 587
	February	363 894	21 224
	March	457 272	21 532
	April	454 363	22 114
	May	456 955	22 309
	June	417 801	20 635
	July	538 519	22 548
	August	580 085	23 583
	September	521 789	24 180
	October	584 416	25 572
	November	542 530	24 210
	December	668 794	25 893
2012	January	757 771	27 974
	February	628 203	24 977
	March	691 406	27 736
	April	707 043	28 740
	May	740 423	29 672
	June	730 785	28 710
	July	852 590	28 921
	August	952 560	31 443
	September	881 063	33 162
	October	904 559	34 424
	November	928 772	32 977
	December	1 052 211	34 066
2013	January	1 181 976	33 340
	February	787 283	29 335

Notes:

(1) One-year multiple individual visit endorsement was introduced on 1 April 2009.

(2) One-year multiple endorsement for visiting relatives was introduced on 25 December 2009.

The Administration does not maintain statistics of other multiple endorsements or statistics referred to in the question.

(c) The relevant departments have stepped up enforcement actions against parallel trading activities since September 2012. Law-enforcement departments, including the Immigration Department and police, have mounted a number of large scale operations since 19 September 2012. As at 28 February 2013, 815 Mainland residents suspected of being involved in parallel trading activities were arrested. Among them, 205 Mainland residents were prosecuted and 181 convicted.

Regulation of Travel Insurance

12. **MR KWOK WAI-KEUNG** (in Chinese): *President, it has been reported that among the Hong Kong tour group participants who died in the hot air balloon explosion incident in February this year in Luxor, Egypt, six of them had, before the journey, taken out travel insurance policies which did not cover "aerial activities". The insurance company concerned indicated that hot air balloon rides were regarded as aerial activities and hence no compensation would be made. In this connection, will the Government inform this Council:*

(a) whether it knows in respect of the travel insurance taken out in each of the past three years, the total gross premiums, the number of persons insured, the number of claims and a breakdown of it by reason (for example, loss of properties, physical injuries and deaths by accident, and so on), and the total amount of compensation paid by insurance companies;

(b) of the number of complaints about travel insurance and a breakdown of it by type in each of the past three years; among them, of the number of complaints in which compensation had been paid in the end and the total amount of compensation involved, as well as the number of those in which compensation had not been paid in the end and the reasons for that;

(c) whether it has assessed the present situation of travel insurance being sold by means of "sub-contracting" (that is, the sale of travel

insurance products of insurance companies is sub-contracted by qualified travel insurance agents to other insurance agents), and how the authorities ensure that the sub-contracted travel insurance agents have received adequate professional training;

(d) as accidents involving Hong Kong people travelling abroad have occurred from time to time in recent years, whether the authorities have conducted studies on enhancing the protection of travel insurance for members of the public travelling abroad; if they have, of the details; if not, whether they will consider conducting such a study; and

(e) given that the authorities have indicated in the Budget published recently that they will commence within this year the legislative work for establishing an independent Insurance Authority (IIA), of the authorities' plan to step up regulation of the sale of travel insurance through the Authority?

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

(a) According to the estimates made by the Office of the Commissioner of Insurance (OCI) based on data obtained from insurance companies, about 2 million, 2.1 million and 2.2 million travel insurance policies were issued in 2010, 2011 and 2012 respectively, with gross premiums of about $700 million, $800 million and $850 million. In 2010 and 2011, there were about 90 000 claims each year and there were about 100 000 claims in 2012. The gross payment to claims in 2010 and 2011 amounted to about $250 million each year and about $300 million in 2012.

The Administration does not keep any statistics itemized by reason of claims.

(b) For the number and breakdown of complaints, please refer to Annex 1. For statistics on the outcome of claims, please refer to Annex 2.

(c) Policyholders can take out travel insurance from insurance companies directly or through their appointed insurance agents or subagents. Whether insurance agents appoint other insurance agents as their subagents is purely a commercial matter.

A person must pass the relevant examination, be appointed by an insurance company, and be registered with the Insurance Agents Registration Board (IARB) as an insurance agent (including those who may be appointed as a subagent) before he is allowed to sell travel insurance. All insurance agents (including those who are engaged in the sale of travel insurance) are required to attend a specified number of hours of training under the Continuing Professional Development Programme, and must comply with the Code of Practice for the Administration of Insurance Agents (the Code) issued by the IARB. Section 76(f) of the Code stipulates that an insurance agent has to "explain the cover afforded by each policy recommended to ensure that the potential policyholder understands what he is buying". Therefore, an insurance agent is required to explain to a client the coverage and exclusions of a travel insurance policy so as to facilitate him to take out a travel insurance policy that meets his needs. Furthermore, under the Insurance Companies Ordinance, all insurance companies are liable for the actions of their appointed agents (including subagents) relating to the sale of insurance.

(d) Given that individual travellers may have different considerations (for example, whether they will take part in certain activities of a tour or whether they have arranged other insurance policies on their own), potential policyholders should take out appropriate travel insurance policies according to their own needs. It is inappropriate for the Administration to regulate the coverage of individual travel insurance products, and we have not conducted any research in that regard. Nevertheless, we consider it important to continue strengthening public education so as to encourage the public to take out travel insurance that suits their needs and travel itineraries. On promotion and education, the Government, the Travel Industry Council of Hong Kong (TIC) and the Travel Industry Compensation Fund Management Board have been encouraging the public to take

out travel insurance that suits their personal needs before travelling abroad through Announcements of Public Interest in television and radio, broadcasting of promotional videos at public buses and promotional messages on the display panels in the compartments of the Mass Transit Railway and publicity pamphlets. The OCI has also published an educational pamphlet entitled "Travel Insurance — What you need to know" to help the public protect their own interests. The pamphlet reminds the public of the important points-to-note when taking out travel insurance, including the coverage and exclusions, for protecting their own interests. Furthermore, the Consumer Council has also been reminding and educating consumers through the *CHOICE* magazine on areas which they should pay attention to when taking out travel insurance.

The TIC has all along recommended travel agencies to remind participants of outbound tours to take out comprehensive travel insurance for appropriate protection against untoward situations during a journey. The Outbound Committee of the TIC has also reminded members of the following recently: (i) travel agents are advised to examine the risks of all the activities (including self-paid activities) listed in the itinerary leaflets of their outbound tours, and to clearly inform consumers of such risks, especially for high-risk activities, before they sign up for a tour; (ii) travel agents are advised to examine whether the scope of protection of the travel insurance arranged for tour participants has covered all the activities in the tour, including self-paid activities; and (iii) if tour participants take out travel insurance on their own, travel agents should remind them to examine whether the scope of protection of their insurance policies has covered all the activities in the tour.

(e) One of the Administration's key proposals for the establishment of an IIA is to put in place a statutory licensing regime for insurance intermediaries, replacing the existing self-regulatory regime managed by the three self-regulatory organizations and enhancing the regulation of insurance intermediaries (including insurance agents who engage in the sale of travel insurance).

The IIA will formulate codes to require, among other things, any insurance agent who is engaged in the sale of travel insurance to pass the relevant qualifying examination and fulfil the requirements of the Continuing Professional Development Programme, as well as to clearly explain to a client the coverage of each recommended insurance policy to ensure that the client understands the content of the policy.

Upon the establishment of the IIA, all licensed insurance intermediaries (including insurance agents who are engaged in the sale of travel insurance) will be required to comply with statutory conduct requirements. The IIA can impose disciplinary sanctions on a licensed insurance intermediary if he is found to be guilty of misconduct.

The IIA will also continue to remind and educate existing and potential policyholders through different channels on matters requiring their attention when taking out travel insurance.

Annex 1

Complaint Figures of Travel Insurance

Types of Complaints	*2010*	*2011*	*2012*
Amount of indemnity	13	5	6
Repudiation of liability	9	10	4
Delay in settlement	0	3	3
Excluded items	23	16	23
Interpretation of policy terms	27	41	29
Breach of warranties or policy conditions	4	6	2
Others (for example, cancellation of policy, poor service, misrepresentation)	8	7	8
Total	84	88	75

Annex 2

Outcome of Claims for Travel Insurance Complaints

Outcome of Claims	*2010*	*2011*	*2012*
Claims awarded			
Total	19	29	15
Amount (HK$)	(227,500)	(527,100)	(198,100)
Claims not awarded			
Reasons			
-Excluded items	7	2	3
-Breach of policy conditions	0	2	0
-Upheld insurer's decision	7	8	10
-Complaints withdrawn	2	3	6
-No *prima facie* evidence	43	38	36
-No response from complainant	0	1	0
-Others (for example, negligence of policy holder, necessary information not provided)	1	2	0
Total	60	56	55
Number of cases not related to claims issues	5	3	5
Total number of cases	84	88	75

Municipal Solid Waste of Wood/Rattan

13. **DR HELENA WONG** (in Chinese): *President, according to the "Monitoring of Solid Waste in Hong Kong" reports published by the Environmental Protection Department, the average daily quantities of wood/rattan waste from 2007 to 2011 were 344, 407, 326, 295 and 318 tonnes respectively. In this connection, will the Government inform this Council:*

(a) whether it has studied the respective causes for the quantity of wood/rattan waste in 2008 being higher than that in 2007, and the quantity of such waste in 2011 being higher than that in 2010;

(b) whether it has studied the causes for the downward trend in the quantity of wood/rattan waste from 2008 to 2010;

(c) of a breakdown by source of the average daily quantity of wood/rattan waste disposed of, and their percentages in the average daily total quantity, in each year from 2007 to 2012, set out in the following table;

Average daily quantity (tonnes)/percentage in the average daily total quantity								
Year	*Source of waste*							
	Logistics industry (for example, wooden pallets, and so on)	*Construction industry (for example, formwork, scaffolding, and so on)*	*Decoration industry (for example, wood flooring, and so on)*	*Exhibition industry (for example, exhibition panels and frames, and so on)*	*Catering industry (for example, wooden and bamboo chopsticks, and so on)*	*Branches trimmed off or felled trees*	*Festival decorations (for example, Christmas trees, peach blossoms, and so on)*	*Total*
2007								
2008								
2009								
2010								
2011								
2012								

(d) of a breakdown, by way of treatment, of the average daily quantity of wood/rattan waste, and their percentages in the average daily total quantity, in each year from 2007 to 2012, set out in the following table; and

Average daily quantity (tonnes)/percentage in the average daily total quantity					
Year	*Way of treatment*				
	Separation, recovery and recycling	*Disposal at landfills*	*Export*	*Others (please specify)*	*Total*
2007					
2008					
2009					
2010					
2011					
2012					

(e) whether the authorities have launched any programmes to encourage members of the public and the industrial and commercial

sectors to carry out separation, recovery and recycling of wood waste in the past three years; if so, set out such programmes and their effectiveness by year; if not, of the reasons for that?

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

(a) and (b)

Over the past few years, the average daily quantities of wood/rattan waste among municipal solid waste disposed of were generally within the range of 300 to 400 tonnes. We detected no significant upward or downward trend or causes of fluctuation.

(c) We do not have a breakdown by source of wood/rattan waste disposed of.

(d) A breakdown of the quantities of wood/rattan waste disposed of and wood waste recovered for recycling in each year is set out in the table below:

Year	*Quantities of wood/rattan waste disposed of (tonnes per day)*	*Quantities of wood waste exported for recycling (tonnes per day)*	*Quantities of wood waste recycled locally (tonnes per day)*	*Total quantities of wood/rattan waste generated (tonnes per day)*
2007	344 (86.0%)	54 (13.5%)	2 (0.5%)	400
2008	407 (89.3%)	48 (10.5%)	1 (0.2%)	456
2009	326 (87.6%)	45 (12.1%)	1 (0.3%)	372
2010	295 (86.5%)	45 (13.2%)	1 (0.3%)	341
2011	318 (86.8%)	48 (13.1%)	0.4 (0.1%)	366

Notes:

(1) Figures in brackets represent the percentage share in total quantities of wood/rattan waste generated.

(2) Data in 2012 are not available as they are being processed.

(e) Due to low value of wood waste and high transportation cost of recovering wood waste, there is no active wood waste recycling industry in Hong Kong. At present, there are a small number of

crate manufacturers and recyclers, including one recycler operating at the EcoPark, Tuen Mun, who refurbish old crates for reuse or shred wood waste into wood chips for export for further recycling operation. In order to promote the wood waste recycling activity in Hong Kong, the Environmental Protection Department has been actively liaising with wood waste producers and collectors, including government departments, to encourage their delivery of wood waste direct to the EcoPark or other suitable recyclers for processing.

Moreover, the Authority has drawn up a technical memorandum requiring all contractors for the public works projects to prepare waste management plans, with an aim to minimize and recycle construction waste, including wood waste, so as to relieve the pressure on landfills.

Regulation of Use of Personal Data in Direct Marketing

14. **MR JAMES TO** (in Chinese): *President, the Personal Data (Privacy) (Amendment) Ordinance 2012 (Amendment Ordinance) has come into full operation with effect from 1 April this year. One of the new requirements therein is that before using personal data in direct marketing or providing personal data to another person for use in direct marketing, the data user must notify the data subject of its intention of so doing and receive an indication of no objection from the data subject. Under the grandfathering arrangement provided under the Amendment Ordinance, if an organization has, prior to the coming into effect of the aforesaid requirement, informed customers of the purpose of collecting and using their personal data as well as approached customers in its direct marketing activities, and the customers have never raised objection to such activities, the organization concerned may continue to use the relevant personal data in direct marketing after the requirement has come into effect. Therefore, quite a number of organizations, such as banks and telecommunications service companies, and so on, issued letters to their existing customers before 1 April, notifying them that the organizations would use their personal data in direct marketing, and if the customers did not agree to such practice, they might notify the organizations that they exercise their opt-out rights against direct marketing. In this connection, will the Government inform this Council:*

(a) *given that quite a number of data subjects are not aware that their ignoring of such notification letters is tantamount to agreeing to the continued use of their personal data in direct marketing by the organizations concerned, whether the authorities know if the Office of the Privacy Commissioner for Personal Data (PCPD) has assessed whether the aforesaid requirement will thus fail to effectively prevent the personal data of the existing customers of these organizations from being used in direct marketing continuously without their knowledge;*

(b) *whether it knows if the arrangements (including whether customers are able to download reply forms from the organizations' websites) provided by various banks and telecommunications service companies facilitate their customers to respond to the aforesaid notification letters received before 1 April to indicate their objection to the use of their personal data in direct marketing, or to raise requests for ceasing such use in future, and whether the contents of the reply forms provided by these organizations have violated the New Guidance on Direct Marketing issued by the PCPD in January this year; if these organizations have not provided such facilitating arrangements or the contents of their reply forms have violated the New Guidance, whether the PCPD will request these organizations to make improvement;*

(c) *whether it knows if most of the organizations have allowed their customers to choose separately in the reply forms whether they agree to receive direct marketing messages sent via various channels (for example, mails, person-to-person telemarketing calls, mobile phone messages and emails, and so on);*

(d) *whether it knows if most of the organizations have allowed their customers to specify separately in the reply forms whether they agree to the organizations (i) using their personal data in the direct marketing of the organizations' products and services; and (ii) providing their personal data to another person for use in direct marketing; if such options have not been provided, whether the PCPD will request the organizations to make improvement;*

(e) whether it knows if most of the banks have allowed their customers to choose separately in the reply forms whether they agree to receive direct marketing messages in respect of various kinds of products (for example, bank deposits, mortgage loans, personal loans, credit cards, investments, insurance and Mandatory Provident Fund products, and so on); if such options have not been provided to the customers, whether the PCPD will request the banks to make improvement; and

(f) whether it knows when the PCPD will review the implementation of the aforesaid requirement with a view to safeguarding personal data from being used in direct marketing without the express consent of the data subjects?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Chinese): President, under the amended Personal Data (Privacy) Ordinance (the Ordinance), unless relevant exemptions apply, if a data user intends to use a data subject's personal data in direct marketing, he must inform the data subject that: (1) he intends to so use the data subject's personal data; (2) the kinds of personal data to be used; (3) the classes of marketing subjects in relation to which the data is to be used; and (4) he may not so use the data unless with the data subject's consent. The data user must also provide the data subject with a channel through which the data subject may, without charge by the data user, communicate the data subject's consent or no objection to the intended use. The above information must be presented in a manner that is easily understandable and, if in written form, easily readable.

The exemptions in the Ordinance allow an organization to continue to use customers' personal data collected before 1 April 2013 in direct marketing without complying with the new requirements if all four conditions below are met. The four conditions are: (1) the data subject had been explicitly informed by the data user, in an easily understandable and, if informed in writing, easily readable manner, of the intended use or use of the data subject's personal data in direct marketing in relation to the class of marketing subjects; (2) the data user had so used any of the data; (3) the data subject had not required the data user to cease to use any of the data; and (4) the data user had not, in relation to such use, contravened any provision of the Ordinance as in force as at the time of the use.

In addition, whether before or after the Ordinance was amended, a data subject may at any time require a data user to cease to use his personal data in direct marketing, and the data user must not so use the personal data. Failure to do so would render the data user liable to a criminal offence. With the commencement of the amendments to the Ordinance, a data user who does not comply with the above requirement is liable on conviction to a fine of $500,000 and to imprisonment for three years.

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

(a) As set out in the preamble above, it is unlikely a data subject's personal data is used in direct marketing without his knowledge. In any case, however, even if a data subject has never requested a data user to cease to use his personal data in direct marketing, he can still exercise his right to opt-out at any time, and the data user must comply with the request.

(b) to (f)

The Ordinance has not prescribed a format for the reply form in relation to parts (b) to (e) of the question. However, the PCPD has issued leaflets with the titles New Guidance on Direct Marketing and Exercising Your Right of Consent to and Opt-out from Direct Marketing Activities under the Personal Data (Privacy) Ordinance for organizations and members of the public respectively. It is suggested therein that organizations provide customers with choices in respect of: (1) the kinds of personal data to be used by the organization in direct marketing; (2) consent to the use of personal data by the organization itself or the provision of personal data to others for use in direct marketing; and (3) the classes of goods/facilities/services to be marketed. If a data user does not offer such choices, a data subject may choose to object to the use of his personal data in direct marketing or the provision of his personal data to others for use in direct marketing.

As regards the organizations' arrangements in relation to the reply forms, since the new requirements have been implemented for a short period only, the PCPD is closely monitoring the practices of the organizations on the basis of enquiries and complaints received.

Employees Compensation Assistance Ordinance

15. **MR DENNIS KWOK**: *President, under the Employees Compensation Assistance Ordinance (ECAO) (Cap. 365), injured employees who are unable to recover payments of damages from their employers are required to prove their claims in court before they may claim payments from the Employees Compensation Assistance (ECA) Fund. The ECA Fund Board is, however, not liable to pay interests on those damages that have been awarded, nor is it liable for the costs incurred by the employee in proving the case in court and obtaining judgment against the employer. In a recent court case, the presiding Judge has expressed his "disquiet" at the aforesaid rules in the concluding section of his judgment, and suggested that if steps are not taken to address the problem "as quickly as possible", there might be a case for judicial review of the relevant provisions. In this connection, will the Government inform this Council whether it has any plans for introducing amendments to the Ordinance to ensure that it adheres to the relevant legal principles and to alleviate the current hardship faced by injured employees applying for payments from the ECA Fund; if it has, of the details; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE: President, our reply to the question raised by Mr Dennis KWOK is set out below:

The Employees Compensation Assistance Scheme (the Scheme) was set up in 1991 under the ECAO to provide payment from the Employees Compensation Assistance Fund (the Fund) to injured employees or family members of deceased employees who are unable to receive their entitlements of compensation and damages for work injuries from employers or insurers after exhausting legal and financially viable means of recovery. The Scheme is administered by the Employees Compensation Assistance Fund Board (the Board).

The Scheme is financed by a levy payable by employers on the premium of employees' compensation (EC) insurance policies taken out for their employees under the Employees' Compensation Ordinance (ECO). The rate of the levy for the Scheme has been revised a few times from 1% in 1991 to 3.1% as at present.

In the late 1990s, the Fund was in financial difficulty owing to the rising number of large claims and escalating amount of common law damages awarded by the Court. Coupled with a decline in the levy income, the Scheme incurred

annual operating deficits during the period between 1996-1997 and 2005-2006, and the deficit accumulated was only fully offset in 2008-2009.

With a view to restoring the long-term financial viability of the Scheme, the Administration commissioned a consultancy review of the Scheme in 1999. The study concluded that there was a significant imbalance between the Fund's income and expenditure so that it was necessary to increase the financial resources for the Fund and limit the scope of assistance under the Scheme. After consultation with the stakeholders, the Administration formulated a rescue package for the Scheme and the ECAO was amended in July 2002 to give effect to the agreed reform measures.

As a safety net, the revised Scheme continues to maintain the full protection of entitlements for statutory compensation under the ECO. To reduce the financial volatility brought about by the substantial amount of common law awards but, at the same time, provide reasonable protection for injured employees, a relief payment of an ex gratia nature payable in lieu of common law damages has been introduced since then. The relief payment shall not exceed the aggregate sum of damages awarded by the Court and shall not cover any costs arising from proceedings in respect of damages. Where the amount does not exceed $1.5 million, the relief payment shall be paid in full in a lump sum. If it exceeds $1.5 million, an initial payment of $1.5 million shall be paid and then followed by monthly payments calculated at the rate of the monthly earnings of the employee at the time of the accident or $10,000, whichever is the higher, until the total amount of award is paid off.

To make both ends meet, the levy rate imposed on EC insurance premium was increased by one percentage point, from 5.3% to 6.3% in July 2002. The Government also provided a loan totalling $280 million at no-gain-no-loss interest rate to the Board so as to enable it to tide over the financial difficulty. The Board drew down the entire loan in phases between July 2001 and March 2005. Repayment of the loan plus interest would be made in 10 years from 2006 to 2015. As at the end of March 2013, the outstanding loan principal is around $93 million.

Given the present financial situation of the Fund, the Administration considers that it is inopportune to initiate amendments to expand the scope of the

Scheme to cover payment of costs and interests in damages awarded by the Court. In fact, the Fund operated at deficits for years between 1996-1997 and 2007-2008 and has just started to gradually accumulate a surplus from 2008-2009. Nonetheless, the Fund is still required to make repayment of the $280-million loan secured from the Government in early years and the loan would only be fully paid off by 2015.

In deliberating the reform measures, the view was held that the Scheme, funded by a levy imposed on the premium of EC insurance paid by law-abiding employers, should not assume unlimited liability for the negligence of uninsured employers. Besides, the exclusion of legal costs arising from the proceedings of common law claims from the coverage of the Scheme would discourage any unnecessary and prolonged proceedings, thus facilitating early settlement of the claims. It was thus decided that the Scheme should no longer be liable for the payment of common law damages or any related costs and interests.

It is noteworthy that the rescue package for the Scheme including the making of a relief payment is the consensus reached after prolonged discussions and negotiations in the community. It has aptly balanced the interests of injured employees, employers and the Board. While acknowledging the Fund as the last resort for injured employees and family members of deceased employees who fail to receive their entitlements from employers and insurers to obtain payments, the Fund has limited resources and we must ensure its long-term sustainability. The present Scheme allows for full payment in respect of statutory EC compensation and its associated interests and legal costs, as well as a reasonable coverage of common law damages in the form of a relief payment. Such arrangement has provided an effective safety net to injured employees and family members of deceased employees.

Notwithstanding the above, the Administration will review the labour legislation from time to time, having regard to social changes, the pace of economic development and local circumstances to ensure that such legislation can cater for the latest situation. We will continue to closely monitor the stakeholders' concerns, the financial position of the Fund and the practical needs in improving the protection of the ECAO.

Handling of Animals Caught and Received by AFCD

16. **MS CLAUDIA MO** (in Chinese): *President, in recent years, the Government earmarked about $1.3 million per year for the Agriculture, Fisheries and Conservation Department (AFCD) to euthanize animals. Many animal welfare groups have expressed concern in this regard. In this connection, will the Government inform this Council:*

(a) of the actual expenditure incurred by the AFCD for catching and euthanizing animals in the past three financial years, together with the detailed accounts (such as the costs for purchasing medical equipment and the administration expenses, and so on);

(b) of the detailed causes for the rise of the unit euthanasia cost from $102 in 2009-2010 to $138 in 2011-2012;

(c) of the respective numbers of those animals reclaimed/re-homed and euthanized among the stray animals caught by the AFCD in the past three financial years; for how long such animals had been kept on average before they were reclaimed/re-homed or euthanized;

(d) of the number of abandoned animals received by the AFCD in 2012-2013; the respective numbers of those animals reclaimed/re-homed and euthanized among the animals received by the AFCD in the past three financial years;

(e) whether the animals' health conditions are a major factor in the AFCD's consideration for euthanasia; of the number of healthy animals euthanized in the past three financial years;

(f) whether the AFCD has formulated clear criteria and detailed practical guidelines on animal euthanasia for relevant staff members and veterinary surgeons to follow; if it has, of the details, as well as the dates on which such criteria and guidelines were formulated and last revised, and whether there is a third party to monitor the compliance or otherwise of the process of animal euthanasia with the guidelines; if there are no criteria and guidelines, whether the AFCD will consider formulating them and stipulating in the

guidelines the requirement for a third party to monitor the whole process;

(g) of the methods currently adopted by the AFCD to euthanize animals, and whether such methods include the use of inhalable gases and drug injection; if such methods are included, of the gases and drugs used, as well as the parts of the animal's body (for example, veins in the limbs, veins in the neck or the heart) where the injection is administered; and

(h) of the measures implemented by the AFCD in 2012-2013 to enhance the management of stray animals and promote animal welfare, as well as the actual expenditure incurred?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, on the re-homing of animals, the AFCD has all along been working in close collaboration with and providing support to animal welfare organizations, including offering free neutering services to cats and dogs that are re-homed by these organizations. Through the concerted efforts of all parties, the number of cats and dogs euthanized in recent years has been declining.

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

(a) The expenditure incurred by the AFCD for catching and euthanizing animals in the past three financial years is set out at Annex 1.

(b) The increase in the average unit cost for euthanasia is mainly due to the continuous decrease in the number of animals euthanized while other fixed expenditure has remained more or less the same.

(c) and (d)

The number of stray animals caught, the number of abandoned animals received by the AFCD, as well as the number of animals reclaimed by their owners, re-homed and euthanized over the past three years are set out at Annex 2.

In 2010, the stray animals were kept by the AFCD for 7.5 days on average before they were reclaimed by their owners, re-homed or euthanized. The corresponding figure in 2011 and 2012 was 7.6 days and 8.1 days respectively.

(e) Generally speaking, stray animals caught or abandoned animals received will first be sent to the AFCD's Animal Management Centres for observation. Health conditions permitting, the animals will stay for four days. During the observation period, veterinary officers on duty will closely monitor the animals' health and other conditions to ascertain their suitability for re-homing. Unclaimed animals will be passed to animal welfare organizations for re-homing if they are found to be healthy and of a mild temperament. Only animals which are assessed to be unsuitable for re-homing due to health or temperament reasons, or cannot be re-homed by animal welfare organizations will be euthanized.

The AFCD does not keep statistics on the number of animals assessed to be in good health but euthanized eventually.

(f) The AFCD handles stray and abandoned animals in accordance with the relevant legislation in Hong Kong, including the Pounds Ordinance (Cap. 168), the Wild Animals Protection Ordinance (Cap. 170) and the Rabies Ordinance (Cap. 421). The AFCD has developed guidelines on euthanasia of animals for observance by relevant staff and veterinary officers. The gist of the guidelines, which were last revised in October 2009, is summarized in the first paragraph of part (e). Euthanasia of animals will be performed in the presence of at least one Field Officer and one Veterinary Officer.

(g) At present, the AFCD uses injection of general anesthetics to euthanize animals. The parts of the animal's body where the injection is administered will be determined by the veterinary officer in light of the circumstances. Injection is normally performed in the muscle (thigh or buttocks) first and then in the heart.

(h) In 2012-2013, the AFCD has vigorously pursued various measures to manage animals and promote animal welfare. These include (i) implementing a strengthened education and publicity programme to promote animal welfare and responsible pet ownership; (ii) devising codes of practices for the proper trading and keeping of pets and other animals; (iii) stepping up enforcement actions against pet owners and traders in contravention of relevant animal laws; (iv) improving the handling of animal cruelty reports or complaints through an inter-departmental special working group comprising representatives of the relevant government departments and the Society for the Prevention of Cruelty to Animals; (v) strengthening collaboration with and the provision of technical and financial support to animal welfare organizations in re-homing of animals and conducting activities relating to animal welfare and management; (vi) providing technical support and assistance to the relevant animal welfare organizations in the implementing and monitoring the "Trap-Neuter-Return" trial scheme for dogs; and (vii) setting up a dedicated cattle team to implement a long term strategy for the management of stray cattle population in collaboration with relevant animal welfare organizations and local communities. An additional provision of $4.9 million has been allocated for the implementation of the above enhanced measures in 2012-2013.

Annex 1

The expenditure incurred by the AFCD on catching and euthanizing animals in the past three financial years is set out below:

Financial year	*Expenditure ($million)*		*Total expenditure ($million)*
	Catching animals	*Euthanizing animals*	
2010-2011	21.3	1.3	22.6
2011-2012	22.0	1.3	23.3
2012-2013	25.6	1.5	27.1

Annex 2

Year	*Stray animals caught*			*Animals abandoned by owners*			*Animals received through other channels*			*Animals reclaimed by owners*			*Animals re-homed*			*Animals euthanized*		
	Dogs	*Cats*	*Others**	*Dogs*	*Cats*	*Others**	*Dogs*	*Cats*	*Others**	*Dogs*	*Cats*	*Others**	*Dogs*	*Cats*	*Others**	*Dogs*	*Cats*	*Others**
2010	6 519	3 907	411	2 345	204	68	1 689	204	31	1 964	805	45	789	119	32	7 420	3 047	482
2011	5 800	3 557	331	2 403	244	107	1 445	267	956	1 517	738	474	852	205	87	6 561	2 422	649
2012	4 722	3 027	260	2 009	248	85	1 131	98	1 276	1 292	707	348	666	145	89	5 675	1 950	1 160**

Notes:

* They include small mammals (rabbits, hamsters, chinchillas, guinea pigs and rats), pigs/cattle, poultry/birds, and other animals (including those listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora).

** In the wake of the Psittacosis cases in 2012, the number of wild birds euthanized on grounds of public health has increased.

Implementation of Total Water Management Strategy and Related Measures

17. **MR WU CHI-WAI** (in Chinese): *President, in 2008, the Government announced the implementation of the Total Water Management (TWM) Strategy for a balanced supply and demand of raw water, through strengthening water conservation and developing alternative water sources, so as to support the sustainable development of Hong Kong. Regarding the progress of the implementation of the TWM Strategy and related measures, will the Government inform this Council:*

(a) of Hong Kong's projected demand for water in each year from 2014 to 2030 based on Hong Kong's current population trend; as the Government indicated in February 2011 that it would conduct a domestic water consumption survey that year and "consider the feasibility of establishing water conservation targets for the medium term and other water saving targets in addition to the total water saving target", of the current progress of establishing such water saving targets;

(b) as the Government indicated in 2008 that it would "conduct trials in projects of appropriate scale and nature to gather experience and

encourage private developers to consider 'using reclaimed water'", of the works projects in which pilot schemes on the use of reclaimed water had been carried out by the Government in the past three years, apart from the pilot schemes on the use of reclaimed water at Ngong Ping and Shek Wu Hui for toilet flushing and other non-potable uses, as well as the number of private developers which had participated in such pilot schemes (set out the names of the works projects concerned as well as the contents and results of related pilot schemes);

(c) as the Government indicated in May 2010 that it had implemented some trial schemes in schools and government facilities for recycling grey water and harvesting rainwater for other non-potable uses, of the number of such trial schemes implemented in schools and government facilities since 2009, as well as the related details and effectiveness; as the Government indicated in October 2011 that it had conducted a consultancy study to establish technical standards for recycling grey water and harvested rainwater for non-potable uses, of the progress of such study and the establishment of the technical standards;

(d) of the respective annual water consumption levels of the top five government departments in water consumption and main uses of water consumed (for example, cleansing of streets or vehicles, irrigation, and so on) in the past three years, and whether such figures had included the water consumption of these departments' outsourced service contractors;

(e) whether it has separately drawn up short and long term water saving targets as well as guidelines on water consumption for various government departments; if so, of the details; as the Government indicated in May 2010 that it had "planned to commission a consultancy study on water consumption practice of major government departments", of the progress of such study;

(f) as the Government indicated in May 2010 that it was reviewing the water tariff structure to encourage reduction of water consumption, of the outcome of the review and the follow-up policy proposals;

(g) whether it has compiled statistics on or estimated the annual quantity of rainwater discharged to the sea via drainage facilities (for example, drainage tunnels, flood storage ponds, and so on) or due to overflow from reservoirs; if so, of such figures in each of the past three years; if not, the reasons for that;

(h) apart from the plan to construct an overflow transfer tunnel from Kowloon Byewash Reservoir to Lower Shing Mun Reservoir to conserve water resources, whether the Government studied or implemented other inter-reservoirs overflow transfer schemes in the past five years;

(i) whether it has regularly tested the water quality of the rainwater running through the stormwater drainage system to see if such water is suitable for non-potable uses; if so, of the outcome of such tests in the past three years; if not, whether it will plan to carry out such tests; and

(j) whether currently it has any plan to collect rainwater running through the stormwater drainage system and supply such water to some government departments for non-potable uses, or to conduct related studies; if so, of the details; if not, the reasons for that?

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Total Water Management Strategy (the Strategy) promulgated in 2008 has mapped out the strategy for a balanced supply and demand of water to support sustainable development in Hong Kong. The Strategy puts an emphasis on containing the growth of water demand through promoting water conservation. The Strategy focuses on two major areas, namely water demand management and supply management. On water demand management, one of the initiatives is to enhance public education on water conservation. Other initiatives include promoting the use of water-saving devices, enhancing water leakage control, and extending the use of seawater for toilet flushing. As regards supply side management, one of the initiatives is to develop the option of seawater desalination. Other initiatives include strengthening the protection of water resources and actively considering water reclamation (through reuse of grey water

and rainwater harvesting). We reported the progress of the Strategy to the Legislative Council in May 2010 and October 2011 respectively.

My reply to the 10 parts of the question is as follows:

(a) Water demand is regularly assessed every one to two years on the basis of various significant statistics related to demographic changes, economic growth, social and economic activities. The Water Supplies Department (WSD) made an assessment in 2012 on the basis of our population reaching 8 million by 2030, as projected by the Census and Statistics Department in 2012. In the light of this assessment and the effectiveness of the Strategy's management initiatives, we expect that the total annual potable water demand will increase from 935.43 mcm in 2012 to about 1 100 mcm in 2030, representing a reduction of about 200 mcm from the estimated annual fresh water demand of 1 300 mcm in 2030 as projected in 2008.

The Strategy was launched in 2008 with the objective of reducing domestic water consumption in 2030 by 100 mcm, which is about one half of the abovementioned 200 mcm estimated reduction in demand. To this end, the WSD commissioned a consultant in August 2011 to conduct a domestic water consumption survey to identify the public's domestic water consumption pattern in order to formulate a more effective water conservation strategy. Upon the completion of the survey in 2012, the WSD analysed the findings and drew up various targeted measures to encourage the public to adopt proactive water conservation practices in their daily lives. The measures include (1) launching the "Let's Save 10L Water" Campaign, which aims to encourage the public to reduce daily water consumption by at least 10 litres per person in the medium term. After inviting 1 000 students and their families to participate in this six-month campaign in March this year, the WSD also plans to expand the Campaign to the whole community by the end of this year. Other targeted measures include: (2) planning for the setting up of a Water Resources Education Centre to step up education for the younger generation on water conservation. In this connection, a temporary centre was formally opened in the WSD's Mong Kok

Office in March this year and invitations to visit the Centre have been extended to primary schools; (3) A roving exhibition on "Save Water, Cherish the World" is being conducted in housing estates and shopping malls to promote water-saving habits; and (4) Water-saving tips are published in various languages and distributed to foreign domestic helpers and home helpers.

(b) On substituting fresh water resources with alternatives for non-potable purposes, the WSD has started to supply seawater for toilet flushing as early as in the late 1950s. At present, 80% of the community has access to seawater for toilet flushing. The percentage is set to reach 85% when the seawater supply networks at Pokfulam, Yuen Long and Tin Shui Wai become available around 2014. We have also commenced planning for a seawater supply network for Tung Chung. Using seawater for toilet flushing will not only bring considerable savings in freshwater resources but is also more cost-effective when compared with other alternative water resources, such as reclaimed water.

Generally, the cost of raising the quality of treated effluent discharge to the level of reclaimed water is higher than supplying seawater for toilet flushing, making the use of reclaimed water not cost-effective. However, for those areas that are far from the sea, such as Sheung Shui and Fan Ling, the costs of installing seawater supply networks for toilet flushing are higher. Separately, to support the development of North East New Territories New Development Areas, the Drainage Services Department (DSD) needs to expand Shek Wu Hui Sewage Treatment Works and upgrade its treatment technology to cope with the additional effluent load as well as to comply with the standard set by the Environmental Protection Department for discharging to Deep Bay. The WSD seized this opportunity to jointly study with the departments concerned on the feasibility of improving the quality of effluent treated to tertiary treatment level to be discharged from the treatment works project to the level of reclaimed water. The findings show that supplying reclaimed water to these areas is cost-effective, as the additional treatment processes required are relatively simple. The WSD has taken forward the planning work accordingly. We expect that it

will take eight years from planning to commencing supply of reclaimed water.

Further, in the past years, the DSD has conducted systematic tests on reclaimed water produced from treated effluent at some of its sewage treatment works, including the Sha Tin Sewage Treatment Works. The reclaimed water so produced is used inside the treatment plant for cleansing sewage treatment facilities and some floor areas, flushing toilets, irrigating plants, and diluting chemicals for sludge treatment. In addition, the flushing toilets of Lo Wu Correctional Institution, opened in 2010, and a number of converted aqua privies also use reclaimed water for toilet flushing.

Producing reclaimed water from treated effluent requires specialized engineering technology and entails a higher cost, making it not cost-effective in many cases. As such, the WSD is not aware of any reclaimed water project launched by a private developer in the past three years.

(c) To date, the Architectural Services Department has installed rainwater harvesting and recycling systems for 33 schools and government facilities, such as hospitals, government quarters and sports grounds, and provided a grey water recycling system for irrigation purpose at the Electrical and Mechanical Services Department Headquarters. These systems have come into operation in succession. A review of their effectiveness is underway.

The WSD has also completed a consultancy study on establishing the technical and water quality standards for recycling grey water and harvested rainwater for non-potable uses. It has also consulted relevant government departments and stakeholders (including non-governmental organizations) and incorporated their comments in refining the technical and water quality standards.

(d) The annual water consumption of the top five government departments in water consumption in the past three years is as follows:

		2010-2011 (As at 2011.3.31)	*2011-2012 (As at 2012.3.31)*	*2012-2013 (As at 2013.2.28)*
		Total water consumption (mcm)[Note]		
1.	Leisure and Cultural Services Department (LCSD)	12.8	12.1	11.2
2.	Correctional Services Department	4.5	4.5	3.7
3.	Food and Environmental Hygiene Department (FEHD)	4.2	3.6	3.4
4.	DSD	2.2	2.0	2.3
5.	Hong Kong Police Force	2.3	2.1	1.8

Note:

Total water consumption includes consumption of the departments' outsourced contractors which take water from sources that are measured by water meters registered under the departments.

The major water uses of these government departments include swimming pools, irrigation, street and facility cleansing, potable water and sewage treatment, and personal hygiene.

(e) The WSD commissioned a consultant in 2010 to review the water consumption practices in its installations and develop water saving guidelines. The WSD is currently reviewing the water consumption practices in the LCSD's parks and swimming pools as well as the FEHD's markets, street cleaning and refuse collection points, with a view to developing water saving proposals for these facilities and operations. The WSD is discussing with the relevant departments ways to optimize their operations and facilities to implement these water saving proposals and achieve water conservation without compromising the level of services to the public. The WSD will gradually extend the scope of review to other departments that have relatively high water consumption.

(f) We briefed the Legislative Council Panel on Development at its meeting in May 2010 on a water tariff structure review that aimed to encourage reduction in water consumption. Subsequently, we considered it necessary to look further into the water consumption pattern of local households in order to formulate more effective water conservation strategies. To this end, the WSD completed a domestic water consumption survey in 2012 and, after analysing the findings, drew up various targeted measures. Please refer to part (a) for details. We will keep reviewing the effectiveness of these measures and the data collected in the process will provide useful input for the review on water tariff structure. The provision of government services is generally charged in accordance with the "user pays" principle. To prevent these "user pays" services being turned into heavily subsidized services, the Government will review them systematically. Appropriate fee revisions will be made as and when necessary. But there will not be substantial revisions at one go to avoid affecting people's livelihood. The Government will also strictly control the costs and reduce the need for increasing fees and charges as far as possible.

(g) The total quantities of rainwater discharged from the DSD's flood storage tanks in Tai Hang Tung and Sheung Wan are about 1.1 mcm, 0.8 mcm and 0.2 mcm in 2010-2011, 2011-2012 and 2012-2013 respectively. The overflow from small reservoirs during heavy rainstorms are 25.04 mcm, 0.3 mcm and 15.5 mcm in 2010-2011, 2011-2012 and 2012-2013 respectively. Such overflow is a result of operational constraint instead of wastage.

(h), (i) and (j)

Apart from increasing raw water yield through the Inter-Reservoirs Transfer Scheme at Kowloon Byewash Reservoir and Lower Shing Mun Reservoir, we have also studied reusing rainwater collected by drainage tunnels and flood storage tanks.

To reduce the flooding risk in urban areas, the DSD has adopted the interception approach and constructed drainage tunnels in Tsuen

Wan, Lai Chi Kok, Kai Tak and Island West. In the course of the related engineering studies, the DSD's consultant examined various reuse options in terms of economic viability and technical feasibility. As all options required huge capital investments in additional tunnels and/or pipeworks and pumping facilities, the consultant concluded that reusing rainwater collected in these drainage tunnels networks would not be cost-effective. In addition, the flood storage tanks in Tai Hang Tung and Sheung Wan operate on the principle of temporarily storing some of the rainwater collected upstream and limiting discharging the rainwater downstream. For effective flood prevention, the rainwater in flood storage tanks must be discharged as soon as possible after a rainstorm to prepare for the next rainstorm. Reusing stored rainwater requires construction of additional storage tanks and associated water transfer facilities. As these facilities will only be used several times a year during rainstorms, their cost-effectiveness is doubtful.

Rainwater running through developed areas would be contaminated by the filth on the surfaces of buildings and roads. The filth is the result of exhaust gases from vehicles travelling on roads, bird droppings on rooftops or animal excreta on the ground. To protect public health, the harvested rainwater must be treated before it can be recycled and used safely. As such, the treatment cost is another factor that should be considered.

As mentioned in part (b) above, 80% of the local population has access to seawater supply for toilet flushing. This translates into a saving of about 273 mcm freshwater each year, far higher than the volume of rainwater collected by drainage tunnels each year. As an example, it is estimated that the annual volume of rainwater collected at Tsuen Wan drainage tunnel is only equivalent to about 0.5% of the seawater used for toilet flushing in Hong Kong each year. Given the small volume of rainwater in stormwater drains that collect surface runoffs from developed areas, it is not cost-effective to treat the collected rainwater for non-potable uses.

Law-enforcement Actions Relating to Articles Causing Obstruction in Public Places

18. **DR KWOK KA-KI** (in Chinese): *President, it has been reported that the Food and Environmental Hygiene Department (FEHD) issued a "Notice to Remove Obstruction" (Notice) under the Public Health and Municipal Services Ordinance (Cap. 132) to an elderly scavenger at Wellington Street in Central on 5 December 2012, ordering her to remove her articles placed on the road and the pavement within four hours, or else further law-enforcement actions would be taken. Some members of the public have pointed out that there are commercial publicity materials placed for a long time on quite a number of streets in various districts in Hong Kong, while some print media place and distribute newspapers and magazines at various MTR exits, pedestrian crossings and major pedestrian links, and some organizations also set up booths on the streets as well as hang up banners to propagate their beliefs in various districts. They have queried why the authorities do not take law-enforcement actions against the people concerned. In this connection, will the Government inform this Council:*

(a) of the number of complaints received by FEHD in the past five years from various districts in Hong Kong about the articles of elderly scavengers causing street obstruction and becoming an eyesore, and so on, and among them, the respective numbers of cases in respect of which FEHD had issued Notices and instituted prosecutions;

(b) of the number of complaints received by FEHD in the past five years from various districts in Hong Kong about commercial activities (including demonstration and promotion of commercial products as well as registration for telecommunications services such as broadband connections and mobile network, and so on) and publicity activities of organizations causing street obstruction, and so on, and among them, the respective numbers of cases in respect of which FEHD had issued Notices and instituted prosecutions;

(c) of the number of complaints received by FEHD in the past five years from various districts in Hong Kong concerning print media placing and distributing newspapers and magazines at various MTR exits, pedestrian crossings and major pedestrian links, and among them, the respective numbers of cases in respect of which FEHD had issued Notices and instituted prosecutions; and

(d) whether the authorities will, upon receipt of the complaints mentioned in parts (a) to (c), determine if law-enforcement actions are to be taken on account of the identities of the persons under complaint, the numbers of complaints against them and the gravity of the cases; if they will, of the specific standards of and legal basis for law enforcement?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, under section 22(2)(a) of the Public Health and Municipal Services Ordinance (Cap. 132), if any article or thing is found to be so placed as to cause obstruction to any scavenging operation, the FEHD may cause to be served upon the owner of such article, or, where the owner cannot be found or ascertained, cause to be attached to such article, a notice requiring the owner to remove the same within a period of four hours after the notice is so served or attached; and to prevent the recurrence of such obstruction by the article during such period, as may be specified in the notice. In case of non-compliance, the FEHD will remove the article concerned.

The location mentioned in the question is the junction of Wellington Street and Gutzlaff Street in Central. There, the pavements are narrow while the pedestrian and vehicular flows are high. The location is also home to many restaurants and shops. The activities of scavengers handling a large quantity of waste paper/recyclables are liable to cause environmental hygiene problems and street obstruction there. It has been the subject of frequent complaints received by FEHD. The District Management Committee of the Central and Western District Council is also very concerned about the problem of obstruction of pavements and carriageways by scavengers who pack and stack waste paper/articles at the aforesaid location. It has requested FEHD and relevant government departments to follow up the issue and report to the Committee on a regular basis.

According to records, the FEHD received a complaint in the afternoon of 5 December about a scavenger placing and handling miscellaneous articles on the roadside of the abovementioned location, causing obstruction and environmental hygiene problems. Investigations by FEHD revealed that the scavenger concerned had placed a large quantity of articles collected, such as cardboard, and so on, on the street and caused obstruction. She was given verbal warnings but failed to remove the articles as instructed. The FEHD officers thus attached a

notice to the articles in accordance with the said Ordinance. Subsequent checking by FEHD showed that the articles in question had been removed.

Since then, the scavenger concerned has not been found obstructing scavenging operations or affecting environmental hygiene again.

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

(a) The number of complaints received by FEHD in the past five years about street obstruction and environmental hygiene problems caused by articles belonging to the scavengers in various districts and details of the enforcement actions are as follows:

Year	*2008*	*2009*	*2010*	*2011*	*2012*
Number of complaints received	111	146	235	243	333
Number of verbal warnings issued	205	264	362	449	542
Number of notices issued	93	151	128	211	260
Number of prosecutions instituted	15	5	7	5	5

(b) The number of complaints received by FEHD in the past five years about street obstruction caused by commercial activities and publicity campaigns of organizations in various districts and details of the enforcement actions are as follows:

Year	*2008*	*2009*	*2010*	*2011*	*2012*
Number of complaints received	2 326	2 899	2 833	3 090	2 543
Number of verbal warnings issued	170	312	44	81	36
Number of prosecutions instituted	1 269	1 732	3 060	3 315	4 492

(c) The number of complaints received by FEHD in the past five years about street obstruction caused by the distribution of newspapers and

magazines in various districts and details of the enforcement actions are as follows:

Year	*2008*	*2009*	*2010*	*2011*	*2012*
Number of complaints received	10	18	26	111	104
Number of verbal warnings issued	6	7	8	42	47
Number of prosecutions instituted	0	0	0	0	7

(d) The core function of FEHD is to upkeep environmental hygiene. Hence, it accords priority to handling cases involving obstruction to scavenging operations, and takes enforcement action (including issuing warning to or instituting prosecution against the persons concerned) under section 22(2)(a) of the Public Health and Municipal Services Ordinance (Cap. 132) in the light of the circumstances and findings in non-compliance cases.

In general, the FEHD officers will first issue a warning to the owner of articles causing obstruction. Enforcement action will be taken as appropriate in accordance with section 4A of the Summary Offences Ordinance (Cap. 228) only if the warning is not heeded. Before initiating prosecutions, the FEHD officers will determine whether there is adequate evidence to take enforcement action under the Ordinance, taking into consideration factors including whether the walkway is clear, the size of the articles as well as the duration and location of their placement, and whether they will cause any obstruction or inconvenience to pedestrians. According to observation by FEHD, the distribution of newspapers and magazines does not normally cause any obstruction to scavenging operations.

Under section 104A(1) of the Public Health and Municipal Services Ordinance (Cap. 132), except with the written permission of the Authority, a person displaying or affixing a bill or poster on any Government land commits an offence. If any display of commercial publicity materials on the street is found, the FEHD officers will remove them immediately. Prosecution will be instituted immediately against anyone found affixing a bill or poster

at the scene. The FEHD will also institute prosecutions under section 104D(1) of the above Ordinance against persons who may benefit from the display of such publicity materials if there is adequate evidence.

Installation of Closed-circuit Television Systems in Classrooms

19. **MS EMILY LAU** (in Chinese): *President, according to media reports, some schools have installed closed-circuit television (CCTV) systems in classrooms, and students, members of the education sector and human rights organizations have criticized that this practice might infringe on the privacy of students. In this connection, will the executive authorities inform this Council:*

(a) whether they know if the schools concerned had consulted the stakeholders before installing CCTV systems in classrooms and assessed the impact of such practice on the privacy of students; whether they know the clarity of the facial images recorded in the CCTV systems in these schools, and whether the school authorities had complied with the Guidance on CCTV Surveillance Practices issued by the Office of the Privacy Commissioner for Personal Data;

(b) whether they know the total number of schools (including kindergartens, primary schools and secondary schools) which have installed or are installing CCTV systems in classrooms as at March this year, and the average number of CCTV cameras installed in classrooms by such schools; the number of schools which had installed CCTV systems in classrooms but subsequently stopped using them;

(c) whether the authorities currently have measures in place to ensure that schools install CCTV systems in the school premises only under the circumstances that the installation will not infringe the privacy of students; if so, of the details; if not, the reasons for that; and

(d) whether the authorities have issued guidelines to schools concerning the installation of CCTV systems to remind them of the procedure which schools are required to follow, including regulation of the security and retention period as well as restrictions on transfer to

third parties of the data collected; if so, of the details; if not, the reasons for that?

SECRETARY FOR EDUCATION (in Chinese): President, our reply to the question raised is consolidated below.

The Education Bureau reminds schools of the points to note in their daily operation, in particular matters related to the compliance with relevant legal requirements (for example, protection of personal data and privacy), through various means such as the School Administration Guide, circulars and the Education Bureau website. Chapters 3 and 8 of the School Administration Guide set out guidelines on student safety, student records and school security measures for their reference. In specific terms, schools should handle student records in accordance with the Personal Data (Privacy) Ordinance. Moreover, schools should also formulate their security policy based on an environmental analysis and take appropriate security measures that fit their situation best. To ensure students' safety in school premises, school heads should assign members of staff to be on duty during recesses, lunch time and at the end of school sessions.

The Education Bureau does not provide guidelines specifically on installation of CCTV systems in school premises. Schools should decide what measures should be adopted in the light of their actual needs while observing relevant legal requirements. If a school considers installation of CCTV systems or covert monitoring a necessary means to prevent crime having regard to its special environmental circumstances, measures it takes to that end should comply with the Guidance on CCTV Surveillance Practices published by the Privacy Commissioner for Personal Data, and there should be a reasonable balance between security and privacy. In case of doubt, advice should be sought from relevant law-enforcement agencies, including making enquiries to the Office of the Privacy Commissioner for Personal Data on matters of necessary procedures, data security, duration of data retention as well as data transfer, so as to ensure that privacy of students and related parties will not be unduly affected by installation of CCTV systems.

CCTV systems are not standard items of school equipment. According to the aforesaid principles, installation of CCTV systems is a school-based decision to be made on a case-by-case basis. As such, the Education Bureau does not

have information about installation of CCTV systems in individual schools. Nevertheless, we have reminded schools in our routine liaison with them that the relevant guidelines issued by the Privacy Commissioner for Personal Data must be observed when they consider installing CCTV systems or use them in school premises. For cases known to us, we have approached the schools concerned to look into the matter. As reported by these schools, they have all followed the Guidance on CCTV Surveillance Practices issued by the Privacy Commissioner for Personal Data and assessed the impact of their CCTV systems on personal privacy.

The Education Bureau will continue to enhance and update relevant guidelines according to the development and needs of society, and remind schools of matters that they need to note and observe in their daily operation.

Practice of Notifying Mainland Officials Before Implementation of New Policies

20. **MR RONNY TONG** (in Chinese): *President, it has been reported that the Director of the Hong Kong and Macao Affairs Office (HKMAO) of the State Council disclosed earlier that the Chief Executive had informed him by telephone of the Government's decision to introduce Buyer's Stamp Duty (BSD) on the eve of its announcement on 26 October last year. In response to the reports, the Chief Executive said that the purpose of his call was to "inform" rather than "asking for instructions" from HKMAO, since BSD targeted on non-local buyers and it was necessary to undertake both "internal diplomacy" and "external diplomacy". In this connection, will the Government inform this Council:*

(a) of the criteria based on which the decision to notify HKMAO in advance was made; why HKMAO and not the Ministry of Commerce was notified;

(b) whether the Government has put in place a set of security measures to ensure that information on market-sensitive policies will not be divulged prior to their announcement by the authorities; if it has, of the details of such measures; if not, the reasons for that;

(c) whether it has assessed if the notification of HKMAO in advance has violated the confidentiality principle of the Executive Council

(ExCo); if the assessment result is in the affirmative, whether any punishment has been imposed; if the assessment result is in the negative, of the justifications for that, and whether ExCo Members are no longer required to comply with the confidentiality requirements; if they are no longer required to do so, of the reasons for that; if they are required to do so, how it assures that ExCo Members comply with the relevant requirements;

(d) whether it had adopted measures to ensure that relevant information concerning the introduction of BSD would not be divulged by officials of HKMAO or other Mainland authorities prior to the announcement of such information; if it had, of the details of the measures; if not, the reasons for that;

(e) given that foreign investors are equally affected by BSD, whether the Government had informed international investors or officers of the consulates in Hong Kong prior to the implementation of BSD; if it had, of the details; if not, the reasons for that, and the criteria and reasons based on which the authorities decided not to notify officers of the consulates in Hong Kong in advance, and whether one of the reasons was that it was unnecessary to "undertake external diplomacy";

(f) whether the Government has put in place a set of criteria for deciding whether it is necessary to notify certain organizations in advance prior to the introduction of new policies; if it has, of the criteria; and

(g) whether the Government of the current term has, since its inauguration, informed officials of HKMAO or other Mainland authorities of its confidential new policies prior to their announcement, apart from the introduction of BSD; if it has, set out the details in table form; if not, of the reasons for that; whether the aforesaid practice of notifying HKMAO in advance will become a precedent; whether the authorities will undertake not to notify HKMAO in advance prior to the announcement of confidential new policies in future in order to realize the principles of "one country two systems" and "Hong Kong people ruling Hong Kong"?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the objective of the BSD is to accord priority to addressing the home ownership needs of Hong Kong permanent residents (HKPRs) in the midst of the exuberant property market and tight supply situation by subjecting all non-HKPRs to the new duty when they acquire a residential property in Hong Kong. The BSD was studied and formulated by government officials, and only relevant senior officials were involved in the discussion. The measure was announced on 26 October 2012 after the ExCo had examined and approved the matter.

The ExCo adopted the established rules on confidentiality in the discussion on the subject matter, by which all Members and those who attend the meeting are bound. All individual ExCo Members declared interests in accordance with the established system of declaration of interests and withdrew from the discussion (if necessary).

As the BSD is levied on non-HKPR buyers, the Government has briefed representatives from the Consulates General of overseas countries in Hong Kong and, through the Economic and Trade Offices in the Mainland and overseas, ensured that overseas investors were also given relevant information. The Director of the HKMAO of the State Council was informed of the measure.

Policy on Earth Burial at Gallant Garden

21. **MRS REGINA IP** (in Chinese): *President, the Junior Police Officers' Association of the Hong Kong Police Force (JPOA) has relayed to me issues concerning burial at Gallant Garden for police officers who died on duty. JPOA has pointed out that, under the existing policy, the remains of police officers who died on duty and had not been awarded a bravery medal have to be exhumed, after six years of burial at Gallant Garden, for re-interment in permanent urn (commonly known as "kam tap") spaces or columbarium niches in the Garden after cremation. JPOA has indicated that relocating the remains of civil servants who died on duty from earth burial spaces of two feet times six feet to kam tap spaces of two feet times two feet located only less than 10 m away cannot really conserve the land resources at Gallant Garden effectively. However, the arrangement shows no respect to those who sacrificed their lives for Hong Kong and also brings grief to their family members again. On the other hand, at present, all civil servants who died on duty while performing "exceptional bravery acts" in their final duties and posthumously awarded a*

bravery medal by the Chief Executive are given permanent earth burial. In this connection, will the Government inform this Council:

(a) of the respective numbers of earth burial spaces, kam tap spaces and niches for remains after cremation at Gallant Garden, as well as those which have been taken up at present; the current number of permanent earth burial spaces and the percentage of such number in the total number of earth burial spaces;

(b) of the definition for "exceptional bravery acts"; the difference between such definition and that for "death on duty", and whether the authorities have classified the acts associated with "death on duty" into "bravery" and "non-bravery" acts;

(c) given that at present, the authorities have already stipulated the condition for civil servants who died on duty to be buried at Gallant Garden, that is, a civil servant who "dies as a result of injuries received in the actual discharge of his duty; without his own serious and wilful misconduct; and on account of circumstances attributable to the nature of his duty", of the reasons why there are different earth burial arrangements for civil servants who died on duty while performing bravery acts and those who died on duty and have equally met such condition;

(d) given that JPOA has suggested that the authorities allow all civil servants who "sacrificed their lives for Hong Kong" to be given permanent earth burial at Gallant Garden and that "to have sacrificed lives for Hong Kong" should be defined as "a civil servant who loses his life as a result of unexpected reasons while discharging operational duties, or who courageously stands against danger and gives his life eventually", whether the authorities have commenced relevant studies in response to such suggestions, and if the results of the studies reveal that the authorities, due to prevailing legal principles and inability to effect legislative amendments, are unable to allow permanent earth burial for all civil servants who died on duty, whether the authorities will make reference to the practices of foreign countries (for example, constructing private graveyards), so as to allow permanent earth burial for all civil servants who died on duty; and

(e) given that at present, the expenses for exhumation and relocation, after six years of burial, of the remains of civil servants who died on duty are borne by the family members concerned, whether the authorities will consider paying the expenses on their behalf (especially those families which have lost their major bread winners)?

SECRETARY FOR THE CIVIL SERVICE (in Chinese): President,

(a) Gallant Garden is an area set aside by the Government in the Wo Hop Shek Public Cemetery in 1996 for the burial of civil servants who died on duty. There are 110 earth burial spaces, 165 urn spaces and a columbarium of 120 niches in the Garden. So far, among the 110 earth burial spaces in Gallant Garden, 32 have been taken up and 16 of these are permanent earth burials. Fourteen urn spaces and 11 niches have also been taken up respectively.

(b) A civil servant who died as a result of injuries received in the actual discharge of his duties and not due to his own serious and wilful fault is considered to have "died on duty". This could include cases where an officer suffered a heart attack in his office and subsequently passed away or where an officer was killed in a traffic accident while performing outdoor duties. Upon confirmation by the head of department concerned that the deceased civil servant has died on duty and upon request from the family, the deceased civil servant is eligible to be buried in Gallant Garden. As regards what constitutes an "exceptional act of bravery", according to the decision of the Chief Executive-in-Council in September 2000, such an act should be recognizable by the posthumous award of a bravery medal granted by the Chief Executive on the recommendation of the Honours Committee.

At present, the posthumous award of a bravery medal granted by the Chief Executive on the recommendation of the Honours Committee is already an objective and credible yardstick for honouring bravery acts performed by individuals which is applicable to both civil servants and members of the public. Civil servants who die on duty and are posthumously awarded a bravery medal are eligible for

permanent earth burials in Gallant Garden. As regards those citizens who die whilst performing exceptional acts of bravery and are posthumously awarded a bravery medal, they are eligible for permanent earth burials in a burial ground set aside in the Wo Hop Shek Public Cemetery, named "Tribute Garden".

(c) Due to limited land for earth burials, all earth burials in public cemeteries have been subject to the six-year exhumation policy since 1976. As Gallant Garden is part of the Wo Hop Shek Public Cemetery, the prevailing six-year exhumation policy, which applies to all public cemeteries, is also applicable to earth burials in Gallant Garden. At the end of the six-year period, the remains of a civil servant died on duty and buried in Gallant Garden have to be exhumed for re-interment in permanent urn spaces, or in niches after cremation, inside the Garden.

According to legal advice, allowing permanent earth burials in public cemetery for the remains of the civil servants who have died on duty, but not for the remains of other persons who have died on duty is likely to constitute discrimination within the meaning of Article 22 of the Hong Kong Bill of Rights (HKBOR) and Article 26 of the International Covenant on Civil and Political Rights (ICCPR). Article 26 of the ICCPR, which applies to Hong Kong and remains in force by virtue of Article 39 of the Basic Law, prohibits and protects against any discrimination on any ground such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Any differential treatment in respect of the remains of a deceased person on the basis of his employment status whilst alive is likely to constitute discrimination and contravene the above pieces of legislation.

In September 2000, the Chief Executive-in-Council approved the amendment to the six-year exhumation policy by allowing permanent earth burials in Gallant Garden for those civil servants who died while performing exceptional bravery acts in discharging their duties. An exceptional bravery act is deemed to be one that is recognized by the posthumous award of a bravery medal granted by the Chief Executive on the recommendation of the Honours Committee. As regards those members of the public who died

whilst performing exceptional acts of bravery and are posthumously awarded bravery medals, they are eligible for permanent earth burials in "Tribute Garden". This arrangement is in compliance with the ICCPR and the HKBOR since the exemption to the six-year exhumation policy is applicable both civil servants and members of the public.

(d) We understand that the JPOA has called for extending the treatment of "permanent earth burial" to all civil servants who "sacrificed their lives for Hong Kong" while on duty. However, we find the definition of someone who has "sacrificed (his) life for Hong Kong" abstract. For instance, the JPOA suggests that it should be defined as "a civil servant who loses his life as a result of unexpected reasons while discharging operational duties, or who courageously stands against danger and gives his life eventually". There may be many "unexpected reasons" that may lead to "losing one's life". The JPOA's suggestion may practically mean that all civil servants who die on duty have to be given permanent earth burials in public cemetery. Moreover, to comply with the relevant legislation, the same standard must also be applicable to all members of the public. As for "courageously standing against danger and giving one's life eventually", it is very similar to the notion underlying the posthumous award of a bravery medal granted by the Chief Executive for bravery acts, which is widely accepted by the public.

According to the information we have collected on overseas practices, national cemeteries mainly cater for members of the military forces who died for sake of the country or veterans. As regards the proposal of building private cemeteries, we have serious reservation. Due to limited land resources in Hong Kong, the Government has not approved the designation of any land for private cemeteries since 1976 to encourage cremation in pursuance of the decision of the former Executive Council. The ideas of designating Gallant Garden as a private cemetery or building new private cemeteries do not comply with the said policy, and also make it difficult for the Government to turn down similar applications from other organizations.

We consider the present policy on earth burials in Gallant Garden strikes the right balance between all the relevant considerations, including giving due respect to civil servants who died on duty, drawing distinction between civil servants who died on duty and those who died while performing exceptional acts of bravery, recognizing the scarcity of land in Hong Kong, and complying with the law. Therefore, the Government has no intention to change the existing policy.

(e) The family of a civil servant who died on duty will receive a funeral grant from the Government on a reimbursement basis. The existing upper limit of the grant is $70,000. If the remains are required to be exhumed and re-interred at the end of the six-year period, the relevant cost is borne by the family of the deceased. If necessary, the department to which the deceased civil servant belonged while alive may provide assistance to the family of the deceased upon request.

Monitoring of Administration by Trustee of An Estate for Charitable Purposes

22. **MR PAUL TSE** (in Chinese): *President, the High Court handed down a judgment in February this year that the Chinachem Charitable Foundation Limited (Chinachem Foundation) is the trustee of an estate of tens of billions of Hong Kong dollars and shall strictly abide by the provisions of the will concerned and apply the estate for charitable purposes. The estate includes the assets of the Chinachem Group. On the other hand, according to earlier media reports, the former Director of Corporate Governance of the Chinachem Group (the Director) has pointed out that PricewaterhouseCoopers has assumed three roles at the same time as the estate administrator as well as the auditor and a member of the Chief Executive Officer's office of the Chinachem Group, rendering the Group deviating considerably from good corporate governance and jeopardizing the Group's revenue. It has also been reported that as disclosed by the Director, certain personnel arrangements of the Chinachem Group are not conducive to the discharge of duties by the Chinachem Foundation as the estate trustee. In this connection, will the Government inform this Council whether the Secretary for Justice will, in his capacity as the Protector of Charities, investigate and follow up on whether the trustee of the aforesaid estate*

has exercised due diligence to protect the assets of the Chinachem Group, which form part of the estate, with a view to enabling the estate to be preserved properly and applied for charitable purposes; if he will, of the follow-up actions to be taken; if not, the reasons for that?

SECRETARY FOR JUSTICE (in Chinese): President, since December 2007, with the agreement of the Department of Justice and the parties concerned, the Estate in question (the Estate) has been administered and preserved by independent interim administrators appointed by the Court. All the interim administrators are professional accountants; the current interim administrators (that is, three partners of PricewaterhouseCoopers) were appointed by the Court in March 2012. In order to effectively discharge their duties as interim administrators, the current administrators have been appointed, whether directly or through agents, as members of the Audit Committee and Executive Committee of the Chinachem Group so as to participate in its affairs. The Court is also aware of such arrangements.

Pursuant to the Court's order, the interim administrators are authorized to manage the properties and affairs of the Estate. The principal responsibilities of the interim administrators are to get in and preserve the properties of the Estate, including to make enquiries as they deem reasonably necessary or to take out relevant legal proceedings, and to require any person(s) having custody, control or management of properties of the Estate to forthwith deliver or transfer to the interim administrators such properties, so as to ensure that the Estate is properly preserved. The interim administrators shall not make any distribution of all or any part of the Estate without first obtaining the consent of both the Department of Justice and the Chinachem Charitable Foundation Limited (the Foundation) to such distribution or the Court's consent. The interim administrators are also required to submit periodical reports to the Court, the Department of Justice and the Foundation on the conduct of the administration. The interim administrators, being officers of the Court, owe a duty to the Court on matters relating to the interim administration of the Estate and the Court may give directions to the interim administrators as may be required.

The Department of Justice at all time keeps an eye on the administration of the Estate and has been in contact with the interim administrators, including considering the periodical reports provided by the interim administrators, approaching the interim administrators to further understand matters relating to

the interim administration of the Estate, and assisting the Court in legal proceedings taken out by the interim administrators in the course of interim administration and making applications to or seeking guidance from the Court on the interim administration of the Estate as may be required.

Details about the administration and preservation of the Estate, including the handling of individual assets (including companies or the Group) and matters of governance are subject to the Court's supervision. The Secretary for Justice, in his capacity as the protector of charities, will continue to keep an eye on the administration and preservation of the Estate and will take such follow-up actions as may be necessary.

As regards the matters relating to the duties of the Foundation as trustee of the Estate, as mentioned in the reply above, the subject Estate is currently administered and preserved by independent interim administrators. The eventual distribution of the Estate is to be determined by the Court after the appeal hearing on the construction of the will. The Department of Justice will continue to assist the Court in determining the case in question, and will take such follow-up actions in respect of the implementation of the will as may be necessary.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bills: First Reading.

STAMP DUTY (AMENDMENT) BILL 2013

CLERK (in Cantonese): Stamp Duty (Amendment) Bill 2013.

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): Bills: Second Reading.

STAMP DUTY (AMENDMENT) BILL 2013

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I move the Second Reading of the Stamp Duty (Amendment) Bill 2013 (the Bill) to implement the demand-side management measures which are related to *ad valorem* stamp duty (AVD) to further address the overheated residential property market, as approved by the Chief Executive-in-Council on 22 February 2013 and announced by the Government on the same day.

The Bill aims to amend the Stamp Duty Ordinance (Cap. 117) to implement two measures as follows.

First, to increase the AVD rates on transactions for residential and non-residential properties. We propose to increase the cost of acquisition generally by doubling across the board the rates of the existing AVD applicable to both residential and non-residential properties. The adjusted AVD rates will range from 1.5% to 8.5% on property transaction price or market value.

Second, to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale so as to tally with the existing arrangement for residential properties.

In October last year, the Government introduced two demand-side management measures, that is, enhanced Special Stamp Duty (SSD) and Buyer's Stamp Duty (BSD). While the former seeks to curb short-term speculative activities of residential properties, the latter aims at according priority to the home ownership needs of Hong Kong permanent residents in view of the tight supply of residential flats. These two measures have achieved some success.

However, after a period of stable development of our property market, there were renewed signs of exuberance in the residential property market in early 2013 amidst tight supply in the short term, a continuous low interest rate and

abundant liquidity environment. Meanwhile, there were also signs of overheating in the non-residential property market, as evidenced by soaring prices throughout 2012 along with hectic trading activities in respect of retail, office and flatted factory space.

Overall, the exuberant property market is moving further away from economic fundamentals, with heightened risk of a property market bubble. Therefore, before the supply-demand situation of the property market has regained its balance, we need to introduce further demand-side measures to prevent the property market from being in a continuous exuberant state, ultimately hampering the stability of the macro-economy and the financial system.

In view of the above considerations, the Government announced the introduction of two measures which are covered by the Bill on 22 February this year. These measures aim at reducing the local demand for residential properties and non-residential properties through increasing the transaction costs, and forestalling the shifting of speculation or investment demand from the residential market to the non-residential market. I will explain some of our policy considerations in respect of the salient points of the Bill as follows.

First of all, we will continue to implement our existing policy of according priority to the housing needs of Hong Kong permanent residents. Therefore, we propose that if the purchasers are Hong Kong permanent residents who are not beneficial owners of any other residential property in Hong Kong on the date of acquisition, they will be exempted from paying the AVD on the adjusted rates.

When submitting relevant transaction documents to Inland Revenue Department (IRD) for stamping, the purchasers seeking approval to pay the original AVD rates will need to declare that they are Hong Kong permanent residents and that they are not beneficial owners of any other residential property in Hong Kong. The IRD will verify the declarations against the records held by the Immigration Department and the Land Registry.

Regarding the liability for AVD underpaid, according to the existing provisions in the Ordinance, the IRD will hold both the seller and buyer jointly and severally liable. After the announcement of these measures by the Government, we are aware that some professional organizations are concerned

about who will shoulder the liability for the underpayment of AVD arising from false statement by the purchasers. After considering relevant bodies' views and the principle of fairness, the Bill proposes that the liability to pay for the difference between the old and the adjusted AVD rates shall rest with the purchasers only in a situation where the AVD is found to have been underpaid on the basis of the statutory declarations made by the purchasers (in other words, the purchasers have subsequently been found to be non-Hong Kong permanent residents or found to be the beneficial owners of other residential properties in Hong Kong at the material time).

In the formulation of demand-side measures, we also have paid special attention to a situation where Hong Kong permanent residents may own more than one residential property after having acquired a new residential property before disposing of their original one due to changing of properties. In order to deal with such circumstances, the Bill proposes to provide for a refund mechanism. For example, if the Hong Kong permanent resident concerned has acquired another residential property before disposing of his original and the only residential property in Hong Kong, he has to pay stamp duty at the new AVD rates. Under the proposed refund mechanism, the IRD will refund, on application by the purchasers who have completed the disposal transaction within two years from the date of the applicable instrument, the stamp duty for the difference between the new and the old AVD rates on the newly acquired property, on the condition that the agreement to dispose of their old property was entered into within six months from the date of acquiring the new property.

In drafting the Bill, we have made reference to exemptions under the existing SSD and the proposed BSD regimes. Having made reference to these two stamp duties, we propose to grant exemptions or put in place a mechanism to refund the difference between the new and the old AVD rates under specified circumstances.

President, given the price-sensitive nature of the property market, it is necessary to make it clear that the new measures are proposed to take immediate effect once announced. This is to ensure that no one can take advantage of the new measures between the announcement and the enactment of the relevant Bill. Hence, we propose in the Bill that the measures be deemed to have taken effect on 23 February 2013, the day immediately following the announcement on 22 February 2013. The IRD will keep track of all the new property transactions

on and after 23 February 2013. Demand notes for the AVD underpaid will be issued after the gazettal date of the Amendment Ordinance, if enacted.

As the property market is affected by ever-changing factors, including external and domestic economic situation, we must continue to pay close attention to the developments in the property market so that appropriate adjustments can be introduced to these demand-side measures when necessary. In order to respond to the developments in the property market more promptly, we propose to empower the Financial Secretary to adjust the value bands and rates of both the existing and proposed AVD by means of subsidiary legislation, subject to Legislative Council's negative vetting so that timely adjustments can be made in response to the market situation. As for the measure to advance the charging of AVD on non-residential property transactions, it is not only a demand side management measure. So, even though the AVD measure will be adjusted according to the market conditions, the measure on non-residential property transactions will not be revoked.

After the introduction of AVD, we have met with relevant stakeholders, including The Law Society of Hong Kong, the Real Estate Developers Association of Hong Kong and the Estate Agents Authority, and listened to their views. We have also briefed Members on the policy background and proposals at their joint meeting of the Panel on Housing and the Panel on Financial Affairs on 26 March. Overall, the purposes of the new measures have gained general support of the community.

We have gradually seen the cumulative effect of the two rounds of demand-side management measures. Recently, the property market has gradually been stabilized and cooled down. Meanwhile, short-term speculative activities and non-local individuals and corporate purchasers have greatly reduced. However, we will not be lax in monitoring developments in the market and will take appropriate response measures to safeguard the interests of society as a whole if necessary.

I would like to emphasize that these demand-side management measures are targeted approaches in the face of tight supply of residential flats instead of attending to trifles to the neglect of essentials. Doubtlessly, the crux of housing problem lies in the supply. In order to radically solve the housing problem, the

Government has strived to increase the supply of residential land in various aspects.

President, I now submit the Bill for the scrutiny of the Legislative Council. In the course of scrutiny, we will endeavour to facilitate the work of the Bills Committee by providing further information and response to Members' views and issues of concern regarding the Bill. I hope that the Legislative Council will pass it as soon as possible to provide the legal basis for the IRD and relevant parties in respect of the charging of stamp duties.

I so submit. Thank you, President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Stamp Duty (Amendment) Bill 2013 be read the Second time.

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

Resumption of Second Reading Debate on Bills

PRESIDENT (in Cantonese): This Council now resumes the Second Reading debate on the Appropriation Bill 2013.

APPROPRIATION BILL 2013

Resumption of debate on Second Reading which was moved on 27 February 2013

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

MR MICHAEL TIEN (in Cantonese): This is the first time I rise to give the first speech. President, excuse me, let me put things in order.

President, today, I give my speech for record purpose. Over the past week, some government departments have refused to take my proposals but quite a number of departments have, at least, expressed their willingness to consider them. I hope they are serious but not just trying to get rid of us, the Legislative Council Members. Among the various Policy Bureaux, I am particularly concerned about the Education Bureau as its policies will impact on the future of our next generation and Hong Kong as a whole. Also, I truly believe education is the only way to lift people out of poverty. However, government investments in education over the years do not seem to give much effect. The figures provided by the Government in recent days further substantiate my view given last year, that is, the situation of "aristocratization of education" is worsening.

At present, the Government requires schools under the Direct Subsidy Scheme (DSS) to set aside 10% of their school fee income as school fee provision for needy students. Nevertheless, in the Government's reply, only half of the 73 DSS schools have fully utilized their provision for these subsidies. In this case, needy students will have an even slimmer chance to get into DSS schools. Here, I have to declare that I am the supervisor of a DSS school. As needy students cannot afford to pay expensive school fees, they have lost many opportunities. I do not think it is acceptable for aristocratic schools to further deprive the entitled rights of needy students.

Assuming that there are 1 000 students in a school, if the school has fully utilized its subsidy provision, 100 students can be benefited, and the number of potential beneficiaries may be even higher. I learn from the statistics that, on average, DSS schools have only utilized 80% of their subsidy provision. Let us make a rough calculation. If there are about 180 students in each school who should be benefited but cannot get the subsidies, and if we multiply this figure by 73 DSS schools, there are about 13 000 needy students failing to get subsidies. It is by no means a small number, and needy students who wish to study in DSS schools should be given a school place. But that is not the case. A few days ago, another famous girls' school has turned into a DSS school. If this problem remains unsolved, students from low-income families will have a smaller and smaller chance to enrol in these schools. Therefore, I suggest that the Government should require schools failing to exhaust their subsidy provision to allocate their remaining school places through discretionary places admission or central allocation so as to allow more needy students to study in schools they like.

In the meantime, the Pre-primary Education Voucher Scheme (PEVS), which has been implemented for years, has made education increasingly "aristocratic". In the next school year, another 14 kindergartens will withdraw from the PEVS. They include kindergartens which are very popular among parents, such as Creative Kindergarten in Kowloon City, Munsang College Kindergarten and St Paul's Kindergarten. They provide some 6 000 school places, and the average school fee is $30,000. The school fees charged by some kindergartens can be as high as $50,000, leaving low-income families with even fewer choices. While the Committee on Free Kindergarten Education will submit its report of 15-year free education two years later, we do not know how long it will take to implement the Committee's recommendations. Therefore, the Government must not just sit and do nothing in the face of the "aristocratization of education". It should slow down this trend as soon as possible. In future, I will regularly ask the authorities about this issue to see if the Government has done anything to avoid students from grass-roots families being deprived of the chance to move upward through education. I think the Government must face up to this problem.

Regarding education, my second concern is English education. Under our education system, the golden time for children aged between four and eight to learn English has been wasted. When I was the Chairman of the Standing Committee on Language Education and Research, many specialists had stated that the best time for children to learn foreign languages is between four and eight years old. Recently, Ir Dr LO Wai-kwok has introduced me to a friend who puts in efforts and money to help students. He pays visits to school and chats with students in English, hoping to build up their confidence and expressiveness in speaking English. In his view, even for secondary students, he has to meet them two to three hours a week and for a year before slight improvement can be observed. Why? It is because the students do not have a solid foundation. Their golden time was completely wasted.

The New People's Party has all long been proposing to recruit native-speaking English teachers (NETs) to teach students of this age group. They should not only teach students idiomatic English but also help them develop the habit of communicating in English. Under the existing NET Scheme of the Government, each public sector school is provided with one NET who will at least have about 17 contact hours with students per week. Yet, some front-line teachers have told me that most NETs only teach Primary One to Four students

for one or two lessons a week. In my view, this arrangement, which is supposed to teach idiomatic English, has become a mere formality. As the NETs do not have much contact with their students, they cannot give their students consistent exposure to idiomatic English. We propose that every school should be provided with two NETs, that is, one more Net to each school, and they should be responsible for all English lessons of Primary One and Two students. Local teachers will take up the English lessons of Primary Three students. We have calculated the cost of introducing this initiative and only an additional government expenditure of $400 million each year is needed to allow students aged four to eight to make good use of the golden period to learn idiomatic English. Meanwhile, if this initiative is implemented, all the relevant resources can be pooled together to improve the effectiveness of the NET Scheme.

Besides, in order to lift the next generation from poverty, we should allow young people to have upward mobility. In this connection, I must talk about the current problem with our publicly-funded degree places. In Singapore, the government has already planned to create more publicly-funded degree places to raise the cohort participation rate (CPR) from 25% to 30% by 2015. On the contrary, the CPR for publicly-funded degree programmes in Hong Kong has remained stagnant. Previously, I have proposed to the Government that it should ratchet up the CPR for publicly-funded degree programmes to 25% in its present term, so that Hong Kong can reach the present CPR of Singapore in four years' time. Given that the number of Hong Kong students in the relevant age cohort will drop to about 65 000 five years later, 25% will mean some 16 000 students. In other words, in order to attain its target, the Government only has to increase the number of publicly-funded degree places by 250 in each of the next five years at an average cost of $160 million. I have put forward this proposal to the Financial Secretary before, but he always replied that it involved far too many resources and hence was not practicable.

The development of retail industry is another issue which warrants the response of the Government. I must first declare that I engage in retail business. Over the last decade, spaces available for Hong Kong's retail industry have been increasingly insufficient; and we are now at the bottleneck. According to the statistics, between 2003 and 2012, the value of total retail sales expanded from $170 billion to $440 billion, representing an increase of 150%. However, the stock of private retail premises, which I call the retail area, has only increased by 7% in the same period. During this period, the number of visitor arrivals had

surged to 48 million, among which 35 million were visitors under the Individual Visit Scheme (IVS). The increases in the value of total retail sales and the retail area are completely disproportional. The serious shortage of retail premises has thus jacked up the rents. A lot of decades-old local shops are forced to close down one after another as they can no longer bear the rent hikes. Lee Yuen Congee Noodles in Causeway Bay and Peking Restaurant in Jordan are some of the examples.

In the retail industry, international consortia are in a blind scramble for shop premises, thereby pushing up the rents. As local retailers and small and medium enterprises can hardly compete with these consortia, many of them have already been crowded out. Although the Government claims that it supports the revitalization of local industries, it adopts an indifferent attitude in seeing local shops being forced to close down one by one because of high rents. The claimed support is just an empty talk.

Every time I ask the Secretary for Commerce and Economic Development what his targets or long-term plans are, his response is always the same, just like a playback: "We will closely monitor bla bla bla ……"; "we will assess the overall capacity and consider the shopping demand and affordability". That is his response. The most absurd situation is that when I raised a question on retail spaces and rent hikes to the Development Bureau last Wednesday, I was asked to direct my question to the Commerce and Economic Development Bureau; but when I put my question to the Commerce and Economic Development Bureau that afternoon, the Secretary for Commerce and Economic Development replied that he had to ask the Development Bureau. The question was then thrown between the two Policy Bureaux. Even the Chairman of the Finance Committee could not help ask the two Directors of Bureaux to have a discussion first. The Government must review its practice.

I suggest that the Government should build a large shopping complex which include hotel in the New Territories to serve IVS visitors. First, this suggestion can ease the rent hike of retail premises. Second, it can divert visitors from the overcrowded shopping spots in urban areas to reduce the Hong Kong-Mainland conflicts. Third, it can boost district economy and provide residents in the vicinity with job opportunities. This is what LEUNG Chun-ying told the New People's Party in person. Fourth, it can increase the number of hotel rooms. This suggestion can actually kill four birds with one stone. I

hope LEUNG Chun-ying can at least implement this project in the current term of the Government and stop stalling on the pretext of "studies".

The last thing that I cannot put up with is that dental services are always excluded from public healthcare services. I had asked the Government for the reason, but I think all of you can guess the answer. Once again, the Government said that it was unaffordable. I dare not say the Government should provide dental services to everybody in Hong Kong but it should at least take care of the elderly. Under the current policy, elders have to pay for dental treatment out of their own pocket. Regarding the dental treatment provided for non-civil servants by the Department of Health, it is provided to the public at 11 government dental clinics by a total of 36 dentists. Last year, the number of attendances was 100 000; half of them (or 50 000) were elders aged above 60. As there are 1 million elders aged above 60 in Hong Kong, it means that 90% of elders either visit a private dentist or do not see any dentist even if they have a toothache. Yet, how can the needy elders afford to see a private dentist?

Currently, the operating costs of those 11 dental clinics are $47 million. As half of their patients are elders, I estimate that some $20 million are spent on this group of patients, who represents 5% of the elder population. If this cost is multiplied by 20, the annual expenditure for the provision of public dental services to the elderly will not exceed $500 million. This expenditure will only constitute 1% of the present recurrent expenditure on healthcare services which amounts to $50 billion. I fail to see why this sum is so colossal that is unaffordable to the Government.

In his reply, the Secretary for Food and Health told me that this issue was related to resources. While the Secretary for Food and Health has the highest popularity among government officials, his answer has made me doubtful of his popularity. I hope he can treasure his popularity and have a serious discussion with the Financial Secretary to work out the expenditure items.

My above observations are made after careful and mindful monitoring. I hope they can help the Government improve its administration. In fact, I am not quite happy with the Budget. However, as it is the maiden budget of LEUNG Chun-ying's administration, I will allow time for the Government to digest Members' requests and respond to them one by one in its future Budgets. I urge

the Chief Executive to listen to the various requests raised by Members this time, and I will vote for the Appropriation Bill 2013.

I so submit.

MRS REGINA IP (in Cantonese): President, the Budget was announced in late February. As there are various controversial issues in the community, we have the feeling that the Budget is, to some extent, an incident of the past. In fact, the Budget has a lot of recommendations and strategies for promoting economic development and social development which are worthy of debate.

Today, I would like to highlight an issue which has not been explicitly mentioned in the Budget but is very important to the development of Hong Kong. It is about how to strengthen the middle class and promote the development of the middle class. The community is very much concerned about this issue. As we know, some people asked the Financial Secretary after the announcement of the Budget what was meant by the middle class, and his answer was that the middle-class people drank coffee and watched French movies. Of course, the middle class covers a wide spectrum. They may eat cart noodles in Wan Chai or they may travel to Italy for opera. The problem is that the Financial Secretary has not further discussed how we should define the middle class. Some scholars have made certain comments, for example, Prof LUI Tai-lok thinks that the middle class should be defined on the basis of their occupation, educational level and lifestyle. Some people think that the middle class should be defined according to the median income; while some others have also commented that the middle class in Hong Kong has disappeared, and there is an M-shaped society as what is happening in Japan. Is this really the case?

I have prepared some figures and I have to ask Mr Michael TIEN for his help. The first chart shows the median household income. We have compared the inflation-adjusted figures in 1991, 2001 and 2011, which are calculated on the basis of commodity prices in 1991. As we all see, in 2011, the households with the lowest monthly incomes in Hong Kong (the poorest households) had reduced by 14% as compared to 1991, which indicated a decreasing number of poor people. During the period from 1991 to 2001, the number of households with a monthly income reaching a moderate level had increased by 3%. The third observation is that our society as a whole has become increasingly affluent.

Please show us the second chart, Mr TIEN. President, I know that you studied Mathematics and graduated with first-class honour; as you are so brilliant, I am sure you can understand this chart. As we can see, the red line indicates the median household income in 2001 while the income in 2011 forms a bell curve. We also see that the red line moves to the left, that is the higher-income side. This means that our society as a whole has become wealthier. Next, let us take a look at the blue line, which represents the situation in 1991 with many more poor people. In fact, the number of poor people has now fallen by 14%. Since our society as a whole seems to have become affluent, why are there still so many grievances? The reason is that the incomes of wealthy households have increased at a much faster rate than the incomes of poor households. This situation is likened to the situation where poor households have won the Mark Six third prize only once in 20 years while the wealthy households have won the Mark Six first prize 10 times in 20 years. That is why there are so many grievances in our society. Is that right?

Not only so, President, this chart only indicates incomes but not fixed assets. If the factor of home ownership is taken into consideration, the gap between the rich and the poor will become even wider. President, I am going to show you another more important chart. The third chart shows the letter "M", which does not represent Mr Michael TIEN but an M-shaped society. What is an M-shaped society? According to a research conducted by a very large financial institution in Hong Kong, if we compare the low-end, mid-end and high-end employment growth, we will find a higher rate of increase in the low-end and high-end, and a lower rate of increase in the mid-end, which refers to our traditional trading, logistics and professional business services.

What are the areas that have recorded employment growth? More than one seventh of newly employed people have joined the high-end employment field, in particular the financial sector; and many people have joined the low-end employment field, that is, the tourism industry as a result of increasing tourists under the Individual Visit Scheme. However, there is a decreasing proportion of people joining the mid-range employment field, such as trading, logistics and professional services. As evident from the recent row of container terminal workers, why do these workers fail to fight for a wage increase after a prolonged protest? It is because profits are declining in this industry. Regarding the high-end financial sector, the workforce had increased by 57 000 in the past decade, some employees did not join the traditional banking sector but sectors

related to capital markets and asset management. The tourism industry has attracted 118 000 newcomers; the mid-end trading and logistics industries have attracted less than 10 000 newcomers, and the professional services sector has attracted 110 000 newcomers. On the whole, the labour force joining the mid-end sectors accounts for 3.6% of the total labour force, which is 1% lower than the percentage in 2007. Thank you, Mr TIEN.

Hence, an M-shaped society has emerged in Hong Kong when employment is concerned and should this tendency continue, the middle class will become very discontented. As Confucius said in *The Analects: Ji Shi*, "Inequity is more worrying than insufficiency and instability is worse than poverty." How come so many people feel agitated when society as a whole is getting more and wealthy? This is caused by the increasingly uneven distribution of wealth. Therefore, the Government should really have to put forward more measures, especially long-term measures in the areas of education and industries, so as to assist the development of the middle class. The Government has not explicitly mentioned the importance of the middle class in this regard, which made me extremely disappointed.

As a comparison, let us take a look at the State of the Union address given by President OBAMA of the United States in February. I have to point out specifically that I do not worship the United States, but I notice that President OBAMA talked about the importance of the middle class at the very beginning. He said within a few seconds of his speech, "It is our generation's task, then, to re-ignite the true engine of America's economic growth: a rising, thriving middle class." He thinks that a strong middle class is very important to economic growth. Another sentence in his speech is also worth our reflection: "A growing economy that creates good, middle-class jobs, that must be the North Star that guides our efforts." On how to promote the development of the middle class, the mid-end jobs do not only refer to the low value-added retail or tourism-related jobs; they should be the North Star for our policies.

This issue of the middle class is related to how the poverty line should be set. As I have mentioned, I am really worried about the relative poverty line that the Government intends to adopt. The Government has stated that setting the relative poverty line is not tantamount to using it as the baseline for handing out money. Since the relative poverty line only pinpoints the median wage and assets are not counted, the number of poor people will definitely be

overestimated. Defining the relative poverty line will link up the number of poor people and economic growth. The more affluent our society is, the more poor people there will be. Given a higher median level, all those who are below this level will be regarded as poor. As a result, a strange phenomenon will rise in that with greater efforts made in poverty alleviation, the number of poor people will increase, and with better economic development, the number of poor people will also increase. Some people will even be induced to give up their jobs and live on CSSA, damaging our inherent core values of the Lion Rock spirit.

Even though some have repeatedly stressed that the relative poverty line is for reference only, they have not taken into account the political significance of the poverty line. Certainly, some members of the community will name the relative poverty as the "relative poverty alleviation line"; and we can foresee that some people will use this line as a chip for political games. I would like to draw your attention that the United States adopts the absolute poverty line and the poverty threshold is set at three times the monthly food expenses of a family of four. The absolute poverty line can avoid the problem where there will be more poor people though more efforts are made to alleviate poverty and there will be more poor people in spite of economic growth. I am rather pleased to find that a scholar has recently suggested that a subsidy line must be drawn up in addition to the relative poverty line, so as to really identify those who are in need and give them help. I think we should consider doing so.

Regarding the issue of the middle class, as I have just said, "Inequity is more worrying than insufficiency and instability is worse than poverty." With concentrated social wealth, narrow industrial structure, high property prices and stagnant social mobility, the pressure is heavy and the Government must take practical measures to support the middle class, so that they can continue to serve as the backbone of social harmony and stability. The economic foundation of the middle class is essential and the Government cannot just adopt such wealth redistribution method as providing one-off handouts. Instead, it should take advantage of its affluent treasury to improve the quality of education, broaden the industrial structure, increase the opportunities for business start-up and career pathways, in order to promote the redistribution of competitiveness, improve social mobility and revive our inherent Lion Rock spirit. The Government should avoid the re-emergence of the situation in the 1980s of the last century when Mrs Margaret THATCHER had to promote a significant and painful reform

due to the rampant welfarism in the United Kingdom, which had given rise to social unrest.

The overseas scholarship programme proposed by the New People's Party is the product of this principle of redistribution of competitiveness and opportunities, which seeks to nurture talents in different areas, in order to enhance Hong Kong's international competitiveness. Unfortunately, the Government has hijacked our proposal and changed it into two different measures using the same resources. Our proposal is basically neither fish nor fowl. The Government has turned our proposal into improving education, especially the training of kindergarten teachers, which is really baffling. Talents in Mathematics, science or literature are not necessarily good teachers. To promote pre-school education, we may not necessarily need to cultivate eight or 10 overseas students. I agree with a lot of people from the education sector that the Government might as well provide funding for studying how to improve the qualification of a large number of local kindergarten teachers. This programme has ultimately become "grotesque".

Furthermore, there are criticisms that this overseas scholarship programme has belittled the local universities. I wonder if these people are aware that the United States, which has the largest number of first-class universities, has actively arranged its students to study in places around the world such as China and Japan in recent years. The authorities do not just target high-ranking university courses and degrees, they also wish to provide local students with more opportunities for overseas training. Such arrangements should also be made in Hong Kong because Hong Kong is a very small city and our young people really need overseas training opportunities. Moreover, we should not restrict the course these students intend to take.

As regards arranging Hong Kong students to study abroad, let us look at the situation in Singapore. The Public Service Commission in Singapore provides 60 to 80 scholarships each year while other non-governmental bodies also provide a large number of scholarships. As we have seen in first-class institutions overseas, the number of undergraduate places taken up by students from Singapore is not proportional to those taken up by students from Hong Kong. In particular, we note that there is a phenomenon of "inequity is more worrying than insufficiency" in these high-level institutions. Most students who

enrol in these first-class institutions are from very wealthy families or they are from the upper or middle class. They received their secondary school education in international schools or Direct Subsidy Scheme schools in Hong Kong or famous boarding schools in the United Kingdom and the United States. As for students from the middle class, especially from the lower-middle class or from families with a tight budget, even though they are very bright, it can hardly pursue further studies in these first-class universities. Hence, this programme will help the redistribution of wealth in Hong Kong in the long run.

We should not say that supporting such a programme is a slap in the face for local universities. How about the children of the presidents, deans and professors of local universities, Prof K C CHAN, Directors of Bureaux, Permanent Secretaries, as well as many Members in this Chamber, where are they studying? Have they all given local universities a slap in the face? We should also consider the teaching staff of the eight major tertiary institutions, especially the high-ranking institutions. From which places have their professors returned to Hong Kong? A local scholar has explicitly revealed to me that he has told local doctoral students that they should not think they will certainly be employed by local universities after they have been awarded doctorate degrees because the universities would employ those who have been awarded doctorate degrees overseas for the sake of achieving higher international ranking. Thus, this programme will absolutely not give the local universities a slap in the face. It will actually help to cultivate a large number of outstanding people with international competitiveness for Hong Kong in the long run, in order to promote the overall development of the middle class, our economy and society. Hence, I implore the Government to reconsider our proposal.

I so submit. Thank you, President.

MR SIN CHUNG-KAI (in Cantonese): President, Mrs Regina IP of the New People's Party has just now criticized the one-off measures of handing out candies. I now speak with the intent of settling old scores concerning John TSANG's philosophy of financial management in the Budget.

To settle old scores, we have to review what had happened over the past six years. This is the sixth budget, and over the past six financial years, including this financial year, the Government had handed out over $222.6 billion in total

mainly through waiving rates which amounted to $57.2 billion; followed by $36 billion on cash handout two years ago; $42.7 billion on reduction of salaries tax; as well as injection into various funds. This year, the Community Care Fund and the Samaritan Fund have an injection of $15 billion and $11 billion respectively. Other injections are of a smaller amount, including an injection of $8.5 billion into the Mandatory Provident Fund. The subsidy of electricity tariff is a new initiative, totalling $18 billion in all these years. The Government has also paid $8.8 billion in rents for public housing tenants and granted an extra one month allowance to Comprehensive Social Security Assistance (CSSA) recipients totalling $11.2 billion. The Government has handed out a total of $222.6 billion in six years, including this year.

Another feature is that John TSANG, the Financial Secretary, had overestimated the financial deficit and underestimated the surplus in each of the past five years. Or I should say that each year, the anticipated financial deficit has turned out to be a surplus, and the discrepancy is very often huge. Let us do a quick review. In the year 2008-2009, the Financial Secretary anticipated a deficit of $7.5 billion but it turned out that there was a surplus of $1.4 billion; in 2009-2010, the $39.9 billion anticipated deficit turned out to be a surplus of $25.9 billion; in 2010-2011, the anticipated deficit was $25.2 billion and in the end we had a surplus of $75.1 billion, with a discrepancy of $100 billion; in 2011-2012, the anticipated deficit was $8.5 billion while the surplus was $73.7 billion, with a discrepancy of about $80 billion. In the last financial year, the anticipated deficit was $3.4 billion and when this Budget was delivered, there was a surplus of $64.9 billion. As the financial year has not yet come to end, the ultimate surplus may be even higher.

In the past five years, the aggregated anticipated deficit was $84.5 billion, but the actual surplus totalled over $210 billion, $240 billion to be exact. Therefore, the Government has constantly overestimated the deficits and underestimated the surpluses. Or in other words, there have been great discrepancies between the estimated deficits and the actual surpluses. To put it harshly, he has miscalculated every time.

In the six years since the incumbent Financial Secretary assumed office in 2007, the accumulated fiscal surpluses had reached over $360 billion. Over the past six financial years, including this financial year, Mr John TSANG, the Financial Secretary has handed out well over $220 billion in total under the

backing of such a huge surplus. The amount of "candies" handed out in these six years takes up about 55% of the total surplus. Every year, there has been a so-called estimated deficit but there is always a surplus in the end.

However, let us look at the overall situation in Hong Kong in the past six years. Although most of these relief measures claimed to help low-income earners, the Government lacks a long-term policy to narrow the wealth gap. The tactics of handing out candies can only treat the symptoms but cannot eradicate the root cause.

Let us look at the Gini Coefficient of all households. Back in 2001, the indicator was 0.525; in 2006, it rose to 0.533; and then from 2006 to 2011, it further rose to 0.537. Simply put, in the past decade, the Gini Coefficient has been rising gradually, meaning a wider disparity between the rich and the poor. Of course, the Government has pointed out that the Gini Coefficient is only one of the indicators of wealth gap but not the only indicator. If we calculate the Gini Coefficient based on the post-tax post-social transfer income of all households, the disparity will be smaller and it has only increased from 0.47 to 0.475 in the past decade.

President, back in 2007, the Financial Secretary had already talked about the challenges brought by the ageing population. However, on the subject of ageing population, even if the Financial Secretary had some foresight five years ago, it seems that he has not done anything during the period to meet the challenges brought by the ageing population. I am indeed worried. In 2007, the Democratic Party proposed to set up a $50 billion Old Age Reserve Fund and allocate one half of the investment earnings from the Exchange Fund as the recurrent income of the Fund to pay part of the increased expenditures on healthcare and welfare services resulted from an ageing population. The Government accepted some of our views but apart from that, it had not done any substantial work to address the ageing population problem in the past five years. The current ratio between the working age population and the elderly population is 6:1 and it will decrease to 3:1 in 20 years. It is estimated that the healthcare expenditure in 2033 will increase almost four times as compared to the present.

The Democratic Party has also proposed to set up a system to offer subsidies to home carers who have to stay at home to take care of family members and cannot go out to work. The Democratic Party has also proposed

some retirement protection measures such as the establishment of a universal retirement protection system. We also hope that the Government will lower the charges of the Mandatory Provident Fund, establish public trustees and consider setting the limit for the charges, so as to make good preparation for caring the elderly. It is disappointing that even though the Financial Secretary had anticipated and was aware of the problem of an ageing population five or six years ago, he had not done any substantial work. Although the new Chief Executive, LEUNG Chun-ying, attaches more importance to alleviating poverty and the current Commission on Poverty chaired by the Chief Secretary for Administration is making efforts to address the problem of an ageing population, I believe we are still in the stage of conducting studies. The Government has missed the chance of making good use of the some $200 billion fiscal surplus in the five or six years. If it had well preparation for poverty alleviation in the area of retirement protection in the long run, a lot of work could have been done already.

Another feature of the Government is the establishment of many funds. Over the years, the Government has established over 50 funds and the public can hardly monitor the investments and utilization of these funds. The Government has to a certain degree bypassed the vetting and approval procedure of the Legislative Council. Currently, the amount of various government seed funds has well exceeded $100 billion in total and these funds have become one of the Government's means to implement its policies in the future. Take the controversial Mega Events Fund as an example. The Fund has financed the Kitchee Foundation Limited to invite British Premier League teams to visit Hong Kong this year. There are criticisms that the relevant system failed to give a full account as regards to the selection criteria. Some funds do not attract much criticism but some funds are controversial. For example the Elite Athletes Development Fund only finances elite sports but not other common sports, such as football, basketball and volley ball. The Community Investment and Inclusion Funds are also disputable. As the management committee of this Fund comprises members of the pro-establishment camp, it somehow gives people the impression that this is a kind of political spoils.

Moreover, the Government has adopted some practices that have bypassed the monitoring of the Legislative Council. For example, in establishing the Financial Services Development Council (FSDC) and the Economic Development Commission (EDC), the Government has not given a clear account

of the source of funding, but has only mentioned about the deployment of civil servants. By deploying civil servants, the Government can conceal some expenditure items of the FSDC and the EDC. I hope the Government would accept the financial monitoring of the Legislative Council and follow the rules of the game. It should not bypass the Legislative Council every time. When necessary, the Government should apply to the Financial Committee for creating new posts to increase the manpower to handle the relevant work.

President, the Democratic Party is very disappointed about this Budget. It implements once again various giveaway measures adopted in the past five years, such as an extra one-month CSSA allowance, payment of public housing rents, subsidy of electricity tariff, reduction of salaries tax and rates waivers. Of course, there were other ways to hand out candies, but the highlight of this year is the injection of $15 billion into the Community Care Fund and $10 billion into the Employees Retraining Board.

Such approach, as I have said, has somewhat bypassed the financial procedure. Of course, in the face of such a huge fiscal surplus, the Government wants to lower the level of the future surpluses, and thus it allocates the surpluses which supposedly should be recorded as financial reserve to some funds for specific purposes.

I have also noticed that in paragraph 141 of the Budget under the heading "Adhering to Fiscal Discipline", much has been said on the work done by the Government over the years. It states that government recurrent expenditure has increased significantly. Government expenditure has more than doubled since 1997 while economic growth has grown by only 60% for the same period. The Government seems to hint to us it has almost breached the Basic Law.

However, we must look at the real situation. As I have said, despite a significant increase in public recurrent expenditure, there is still a huge surplus every year. Does that involve a structural surplus? As I have just said, this is not the first time that an anticipated deficit turns out to be a surplus. In the past five years, the Government has constantly overestimated the deficit and underestimated the surplus significantly.

President, lastly I wish to spend a little time to talk about the promotion of the creative industry and emerging industries. Policy-wise, the Government has

mentioned about how to promote the cultural and creative industries, we support this proposal and think that it is worth pursuing. Regrettably, the Government's policy about the issuance of free television licences is a far cry from the public expectation. In 2005, the Government already embarked on the consultation, and that was over 36 months ago. However, it has now stalled for two years after the initiation of the Broadcasting Authority and then being approved by the Executive Council. If the Government sincerely wishes to promote the creative industry, it should issue the relevant licences as soon as possible.

We perceive that the Government ignores the views of all people in Hong Kong and shut its ears to the fact that over 80% of the people wishes to have the licenses issued as soon as possible. In respect of the financial policy, the Government talks about the promotion of the creative industry but in practice, it does not issue the free television licences. If the licences are issued, many employment opportunities will be created and it is more effective than the Government's direct investment. Therefore, we find this policy of the Government highly regrettable. The Legislative Council has debated on this subject before and requested the Government to issue the licences as soon as possible. The implementation is long overdue, which is a far cry from the people's expectation.

With these remarks, we express our deepest disappointment toward this Budget.

MR TAM YIU-CHUNG (in Cantonese): President, this Budget is the first Budget of the new Government to dovetail with the blueprint for administration by Chief Executive LEUNG Chun-ying for the next five years. The Budget has put forward many pragmatic policy measures in various aspects, which include promoting Hong Kong's long-term economic development, training of talents, land supply, social welfare, education and medical care, and so on. At the same time, the Budget has also responded to a number of aspirations of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) by putting forward a series of one-off relief measures commonly known as measures to "hand out candies", as well as injecting $15 billion into the Community Care Fund and the Employee Retraining Board respectively. DAB welcomes these measures.

Although some consider that there is little meaning to hand out candies, for the middle class and the grassroots, their livelihood pressures can be relieved. For the Government, handing out candies to the public when it has a huge surplus is tantamount to commercial organizations giving out dividends to shareholders when there are great profits. There is nothing wrong with this practice.

Moreover, the DAB has requested the authorities to propose the setting up of various committees in the Policy Address and the Budget, so that new measures can be expeditiously implemented to promote economic development and poverty alleviation, as well as to make good use of the Community Care Fund to provide living allowance to the "N-have nots", and subsidize the elderly who are eligible to receive the Old Age Living Allowance to have their dentures made.

After the delivery of this Budget, a long-standing problem that has attracted wide criticism rises again, that is, the Budget is wrong in its estimates. As a matter of fact, the Financial Secretary has underestimated government revenue in almost every budget that he has prepared since he assumed office in 2007. As a result, for budgets with an anticipated deficit or a small surplus, we ultimately have a surplus or even a colossal surplus. The situation of wrong estimates is common. Hence, many people doubt Secretary John TSANG's ability to forecast our financial situation. Some also suspect that the Government deliberately underestimates its revenue so as to avoid making long-term commitment for meeting people's demand for better services.

Of course, the Government has explained that wrong estimations are due to the fact that Hong Kong's economy is highly susceptible to the fluctuations of the external economic environment and our tax revenue is unstable. However, no matter what, I believe people would prefer a wrong estimate in underestimating the revenue and having surplus eventually than overestimating the revenue and underestimating the expenditure, resulting in over-spending, as in the case of some European Union countries which have to try hard to make up the deficit. I think the public would prefer the former scenario than the latter.

While adhering to effective fiscal discipline, the Government should also make more long-term commitments in areas where the general public have strong aspirations, including the provision of more resources to elderly care and medical care services. With an ageing population, the Government needs to allocate

more resources in areas such as welfare and medical care services. In this year's Budget, the proposed expenditure on welfare services is as high as $61.2 billion, which include the newly implemented Old Age Living Allowance, the Pilot Scheme on Community Care Service Voucher for the Elderly, as well as the Guangdong Scheme to be implemented by the end of this year.

Apart from these direct monetary welfare benefits, the government expenditures on elderly services have not increased much. In this financial year, the estimated expenditure on residential care homes and community care services is about $5.4 billion. Excluding the $300 million earmarked for the provision of additional administrative support provided for non-governmental organizations and the two training programmes for enrolled nurses for the welfare sector, the real increase is only $590 million, that is, an increase rate of 13%.

In the past few years, the DAB has kept requesting the Government to formulate a five-year social welfare plan especially in respect of elderly care services, so as to set down the service objectives and earmark sufficient financial resources but the Government keeps rejecting this proposal. One of the reasons cited by the Government is that according to the practice of the Government in preparing the Budget, an expenditure ceiling is set each year. As various government departments have to compete for the limited resources, it is not possible to set the expenditures of a certain department for five years in advance.

Owing to this approach of preparing the budget, government departments lack longer-term planning. In years of more robust finances, the department can do more; in years of tighter finances with less funding, the department will do less. Such an approach can hardly resolve long-term problems such as the shortage of residential care homes for the elderly. There is another serious shortcoming. Since departments do not plan ahead, some initiatives cannot be implemented due to inadequate preparation. As a result, the provision for that year cannot be used. Even if money is available, they cannot be spent in areas that have urgent need.

Let me cite two examples. In the 2012-2013 financial year, the Social Welfare Department planned to increase the number of nursing home places but in the end, 165 bought places could not be put into service. Moreover, out of the additional 225 places originally planned to be provided in the day care centres for

the elderly, only 110 places could be put into service, which did not even reach half of the target number.

To avoid the aforementioned shortcomings and to support the long-term planning on elderly services with the required financial resources, the DAB suggests that the Government should set up an Elderly Care Service Fund to set aside resources for the implementation of medium and long-term plans for residential care and community care services for the elderly, so as to effectively shorten their waiting time.

Besides care services for the elderly, the DAB also thinks that another allocation mode that requires urgent improvement is related to resource deployment among the clusters under the Hospital Authority (HA). At present, the HA allocates resources according to the size of the population in each district. In clusters which receive less funding per capita, the shortage of medical resources and manpower is particularly acute and the waiting time for various services is also longer. Take New Territories West as an example. In this cluster, there are only two beds per 1 000 persons, which is far fewer than that of Hong Kong West or Kowloon Central which have six beds per 1 000 persons. For clusters with insufficient medical resources, such as New Territories West and Kowloon East, the Government should increase their funding, or it should allow residents in these clusters to receive medical services in other clusters.

Let me cite an example. I have visited an 80-year-old man recently. He suffered from chest pain and was sent to a hospital in Sham Shui Po by his family. After he had been discharged from hospital, he told me that when he was hospitalized, he waited for 30 consecutive hours during which no doctor came to see him and no food was given to him. The torturous wait lasted for 30 hours. When the doctor visited his ward, he eagerly asked for help but the doctor only took away his medical chart and never returned to give him any information. Do we think our medical care services should be improved under such circumstances? I hope the Government would give a serious consideration.

Furthermore, with the aged dependency ratio in Hong Kong beginning to rise from its record low of 330 per 1 000 last year, and coupled with the worsening problem of the ageing population, our demographic advantages are gradually diminishing. Therefore, the authorities must endeavour to take measures to solve the future problem of labour shortage in Hong Kong, such as

implementing a flexible retirement age, or extending the statutory retirement age of certain occupations lest the impetus for Hong Kong's economic development will be affected by labour shortage.

At the same time, although our current economy can still be considered robust, our external economic development has to face tremendous risks posed by the new round of quantitative easing launched by Europe, the United States and Japan, and the war in geopolitics in the Northeast Asia. The Administration must keep a close watch on the impact of these risks on the economy. Once such risks pose threats to the real economy of Hong Kong, it must take actions promptly, so as to avoid making the same mistakes during the Asian financial crisis in 1998.

After two days of debate, the annual Budget will soon be put to vote in this Council. However, a few Members have proposed nearly 800 amendments to the Budget for the purpose of starting a filibustering war. I have to point out here that the Budget is different from other motions or bills of the Government. If the passage of other government motions or bills is being delayed, the most serious consequence is that the motions or bills will come into effect later or they cannot come into effect. However, as the Budget involves government expenditure, if its Third Reading cannot be completed by next month, the government expenditure reserved under the Vote on Account Resolution will be exhausted and the Government will have no money to spend starting from June. By then, we do not have money to implement all social welfare services, and civil servants as well as over 400 000 people supported by public funds cannot get their salary. That will deal a heavy blow to the whole community of Hong Kong and the impact will be far reaching.

Therefore, I call upon the Members concerned not to bring a tremendous social and political crisis upon the community of Hong Kong for the sake of their own aspiration to "steal the spotlight" and advance their political gains. I notice that Members of the pro-democratic camp have cut off connections with those who take such irresponsible actions, but the DAB hopes that the pro-democratic Members will support the amendment of the Rule of Procedures to avoid the recurrence of such incidents. At the meeting of Committee on Rules of Procedure yesterday, I was glad to hear Mr Alan LEONG say that he was willing to discuss with us after the meeting to see what could be re-considered and amended in the Rules of Procedure.

At the same time, we also hope that the President of this Council will promptly take reasonable and necessary actions in accordance with the Rules of Procedure to deal with the large number of frivolous and meaningless amendments, including consolidating the contents of the amendments and re-scheduling the discussion time, rather than starting an endless filibustering war. We wish to end this "filibustering farce" to avoid social unrest in Hong Kong, the public interest being compromised and the image of the Legislative Council being further tarnished with decreasing public acceptance and support.

With these remarks, I support the Appropriation Bill 2013.

MS CLAUDIA MO (in Cantonese): I know the former Director of Broadcasting, CHEUNG Man-yee, will visit Radio Television Hong Kong (RTHK) today to talk about the meaning of editorial independence. Since 1997, self-censorship practiced by the local media is blatantly clear, so much so that the Government is hardly required to do anything, and no new legislation has been enacted specifically to suppress the media. Although the authorities have tried to criminalize clandestine photo-taking, enact a privacy law, and so no, all these initiatives are of no avail. It is not until recently that a senior official has demonstrated in person to the public that a government official can actually take actions, and so long as he is a senior official, he has the final say in the matter of editorial independence by deciding what should and should not be done.

Had it been a private organization such as a newspaper or a television station, one might still argue that given its business nature, it could exercise its rights in respect of editorial independence in the editing and reporting of news, as well as the contents of broadcasts or newspaper articles. If a person gravely dislikes the approach of reporting, it is no big deal because he can always choose to stop watching that television station or stop buying that newspaper. But we are now talking about RTHK. Originally, I intended to move an amendment seeking to delete all the salary and benefits of the incumbent Director of Broadcasting, Roy TANG, for the coming year because he is no longer qualified to receive such remuneration. Being paid by money from the people, he has demonstrated to us all what is meant by a layman leading the experts. He is a layman only in respect of news reporting, he is an adept expert in terms of performing his political missions, and he has fully accomplished the political tasks required of him.

President, I intend to withdraw this amendment, not now but later, and that is because of the filibustering. The basic stance of the pan-democrats is that we will withdraw our amendments to demonstrate our opposition to filibustering, but we are also concerned about how the incidents related to the Director of Broadcasting will be handled. Nonetheless, Mr Gary FAN does not intend to withdraw his amendments, and one of which seeks to do exactly what I originally intended to do, that is, to "punish" Roy TANG by deleting his salary and benefits for the entire year. Hence, I will speak about this matter again later when considering Mr Gary FAN's amendment.

I was very upset by the speech of a Member just now when he said that Members who filibuster simply want to "steal the limelight". In my view, it does not matter whether you agree with other people's choice, it is generally known that filibuster is an internationally-accepted parliamentary practice that is justifiable, lawful and reasonable. We can disagree with such practice, but we should not insult the amendments proposed by others, particularly Mr LEUNG Kwok-hung. In this Council, I think we should respect each other; for matters we agree with, we can choose to participate, and for matters we do not agree with, we can choose not to participate. It is very insulting to make criticisms with those expressions.

President, talking about freedom of the press, I note with much regret that nothing has been mentioned in the entire Budget about the issuance of new free television programme service licences (free TV licences). Where have those licences gone? It seems as if nothing has ever happened; people are no longer concerned about the matter, and they just mind their own business. Actually, there is no need to go into details the criticisms of society as a whole on Asia Television Limited (ATV); we all know what the problems are. Regarding Television Broadcasts Limited (TVB), an incident has happened recently which seriously hurts people's feelings, and I hope TVB can give us a clearer explanation. Why did TVB suddenly cancel an episode of News Magazine featuring the difficult working conditions of dock workers as shown in the promotional trailers? President, I do not cite this matter from press reports casually, and then demand an immediate response from the officials; instead, I have actually made enquiries with the serving employees of TVB's News Department, and was told that there is indeed a "tendency" of self-censorship. This is already an understatement because we do not want to be too specific, or

else the feelings of other people will be hurt. Therefore, some people have come to the conclusion that TVB is just another ATV with a bigger audience.

Perhaps some people may say that TVB is a commercial organization, and as I just said, those who dislike TVB can choose not to watch its programmes. That is true, but as all other choices are pay television channels, how should the grassroots make a choice? The rich and the middle class can choose to watch pay television channels such as Cable TV or NOW TV. But in a civilized society or a modern society, free television should be a basic service for the enjoyment of the people, or a kind of welfare benefit, so to speak. The provision of new free TV licences can provide more entertainment for the enjoyment of the grassroots. But they really do not have any choice now. Moreover, as we have pointed out repeatedly, the issuance of free TV licences will also bring about more career options and opportunities for creative personnel, in particular young people. Given the great number of graduates from the Hong Kong Performing Arts Academy, as well as journalism graduates in Hong Kong every year, the issuance of all three licences by the Government will provide them with more career options. This is not only something for all of us to rejoice, but it will definitely help stimulate Hong Kong's economic development and promote local manpower training.

As we all know, English is crucial to the career development of young people. Many young people admit that they feel very frightened when attending job interviews. For local university graduates, their greatest worry is having a person who has returned to Hong Kong after studying in the United Kingdom sitting on his right, an American-born Chinese on his left, and a graduate from a local international school opposite. They are very frightened because job interviews are invariably conducted in English.

In fact, their standard of English is not that low. But I must point out to the Secretary for Education who is in the Chamber now that our English education is actually a failure. Not a fault of you personally, this problem has been deeply planted, particularly the promotion of mother-tongue teaching immediately after the reunification in 1997. Those 10 years of mother-tongue education was like a 10-year catastrophe. If the Secretary and I were having a private conversation, perhaps he might also slightly agree with my view. Our English education is really a failure, and I, on the contrary, do not agree with the view of the New People's Party. Every year, almost $700 million is spent on the

employment of native-speaking English teachers in public-sector secondary and primary schools, and native-speaking English teachers can enjoy substantially more benefits in all aspects such as healthcare, housing allowance and even return air tickets. If native-speaking English teachers are employed in a school, what does it imply for local teachers? Why is it necessary to make such an arrangement?

Given the qualification of their teachers, elite schools need not employ native-speaking English teachers to teach the language to enhance their students' fluency in speaking English. It will not have the effect of making perfection even more perfect because traditional elite schools need not adopt these measures. Nonetheless, it can neither provide timely assistance for traditional local schools because there are too many barriers. Some native-speaking English teachers once told me that their teaching life in local schools was actually very lonely because other teachers would not even have meals with them in order to avoid having to converse in English throughout the meals just for the sake of one person, yet the Government has spent hundreds of millions of dollars on this initiative.

Some people say that the golden period of children learning English is between the ages from four to eight, but I do not think that English must necessarily be taught by foreigners. Are foreigners definitely better teachers? This is tantamount to xenocentrism, as well as an insult to local teachers. It is most important for children to learn with an open mind; if we want our children to learn from good local teachers, it is all the more necessary to allocate the same resources on the training of additional teachers so that they would be taught to recite A for Apple, B for Boy, and so on; why, on the contrary, would such a general phenomenon be created in Hong Kong? With a history of being a colony for 150 years, Hong Kong is now part of China, how come we still have the mentality that to learn English well, one must be taught by foreigners, so that his English is regarded as high-class, proper and conventional; and if there is really a need to train teachers in this area, additional funding is required for learning in overseas countries? I think Members have also noticed the sum of expenditure set aside for people to receive training overseas, and then return to Hong Kong to teach English. How come we have such an educational tendency?

I must also mention some horrendous deeds of the Hong Kong Examinations and Assessment Authority (HKEAA). In the Hong Kong Diploma of Secondary Education English Language examination just held, some very difficult vocabularies were found in the examination paper, and there are a few of those vocabularies which even I, as a person teaching English, would only learn after my undergraduate studies. Examples of such vocabularies include "labyrinth" (which means a maze), "extrapolate" which is a very difficult word to explain, and it roughly means to infer certain values from some known facts, and "hedonism". While it can be said that the candidates can guess the meaning of those words from the context, it will inflict a sense of defeat on the students. Imagine when students encounter so many unknown vocabularies as they sit for the examination, how can they answer the questions, and why will they not shivering in fear? How can the HKEAA test the local graduates of secondary schools in such a way? All those difficult vocabularies are supplied by serving teachers, and there are as many as 12. I will not read them out one by one, but it is clear how deformed Hong Kong's education system is.

Why does everyone say that it is best for children to study in Direct Subsidy Scheme schools, or international schools, and if there is no place left even in international schools, the children must study abroad? What has gone wrong? All in all, it is most important to learn English well; in that case, is it not possible to teach English in Hong Kong? It is indeed not possible, and there are long-standing reasons for it. It is exactly because somebody has aided and abetted the evil-doer that Hong Kong's education system has now become so deplorable.

President, originally I still had another amendment, but being a member of an alliance, I must follow the rule of the minority obeying the majority, and I cannot dismiss the acts of other members, thinking that I am more superior. Hence, given that we have agreed to withdraw the amendments, I will also do so. Of the two amendments I intended to propose originally, the second amendment is related to animal rights.

The Agriculture, Fisheries and Conservation Department (AFCD) had killed 30 000 animals in three years, and I am referring to the expenditure on euthanasia of animals. I am not saying that animal euthanasia should be prohibited totally; for cats and dogs with incurable terminal illnesses, they should of course be euthanized in order to relieve them from pain. However, I heard

that some methods of animal euthanasia can be quite cruel, and I will continue to hold AFCD accountable for this. Nonetheless, in respect of the $1.5 million expenditure in this regard, except for absolutely necessary cases of animal euthanasia, the sum should actually be spent on rescuing rather than euthanizing animals. I hope the AFCD will not be so headstrong in this matter.

I, together with Prof Sophia CHAN, Under Secretary for Food and Health, and representatives of various community groups can only meet with officials of the AFCD this morning. From this meeting, I truly feel that the AFCD's attitude is not only out-and-out bureaucratic — which is self-evident — but also totally inflexible on matters it has already decided. The AFCD only tried to convince us, and if it could not do so, no further action would be taken because its policy is a golden rule which must be adhered to without exception. If so, why does it still proceed with consultation? The AFCD has really inherited the culture of bogus consultation of the whole Government.

This year's Budget is far from satisfactory in many ways; a case in point is the assistance provided to the grassroots, and of course, universal retirement protection as well. That is exactly the purpose of Mr LEUNG Kwok-hung's filibustering. President, I consider that this year's Budget is not forward-looking at all, and many commissions are set up merely for the sake of political pie-sharing; hence, I strongly disapprove of and oppose this year's Budget. Thank you.

DR KWOK KA-KI (in Cantonese): President, on 27 February, Financial Secretary John TSANG delivered his so-called new Budget as before. This Budget, similar to the previous ones, merely contains the same old ideas with no novel ideas. Nevertheless, there is still a great discovery. That is, the Secretary has told us what is meant by the middle class. It should be rather difficult, I believe, to find a middle-class person who "drinks red wine and watches French movies" in Hong Kong. Of course, someone who has an annual income of several million dollars and lives at Shouson Hill is indeed qualified to drink red wine and keep pedigree dogs. However, to the majority of the poor people in Hong Kong who have to struggle in dire straits, and even to the so-called middle class, this is gross humiliation.

The Financial Secretary has held this post for more than six years since he first assumed office in 2007. Let us look at his past performance in these few years. The Budget of 2008 projected a deficit of $7.4 billion, and in the end there was a surplus of $1.4 billion; the Budget of 2009 projected a deficit of $39 billion, and in the end there was a surplus of $25.9 billion; the Budget of 2010 projected a deficit of $25.2 billion, and in the end there was a record-breaking surplus of $75.1 billion; in 2011-2012, the estimated surplus of $3.9 billion turned out to be $73.7 billion; in 2012-2013, the estimated deficit of $3.4 billion turned out to be a surplus of $64.8 billion. Anyone who has held the post of Financial Secretary for years and still produces such senseless and wild estimation should actually feel too ashamed to stay in office.

Nonetheless, our biggest disappointment is that despite the huge surplus held by the Government and the large number of reforms which need to be implemented, including taxation reform and measures to better Hong Hong's economy, enhance its competitiveness, improve medical services, increase education funding and the number of school places, as well as establish long-term retirement protection for members of the public, nothing has been done at all. Such attitudes and performance have greatly disappointed the majority of taxpayers/Hong Kong people.

Wealth gap is the most serious problem which Hong Kong is facing. Although the Government has set up the Commission of Poverty led by the Chief Secretary for Administration, the Chief Secretary gave us the impression that she did not seek to solve the problem. Rather, she seemed to be giving explanations for this problem, including her "verbal tactics" which indicated that a poverty line would be drawn up, though it would not be an internationally recognized poverty line. She mentioned the Gini Coefficient, advising that if the so-called "housing allowance" was included, it should not be as high as 0.537. Instead, it should be 0.475 as stated by the official figures. She was trying to play with figures to whitewash an ugly phenomenon which has sorely distressed Hong Kong people.

With a surplus of several hundred billion dollars, Hong Kong should have been fully capable of making a forward-looking financial estimation, yet the end result was vastly disappointing. This is the first budget of the current-term Government, but as we examined its planning for the next five years, we felt downright disheartened. The proposed initiatives in the Budget are only repetition of what have been done in the past few years. Ever since Donald

TSANG acted as Chief Executive, we have not seen any new change in the Budget, except that more funds were created and the approach of shifting money from the left pocket to the right pocket was adopted more often. Firstly, despite the surplus of tens of billions of dollars, it was claimed that there was no surplus and all the money had been spent. Secondly, convenience was given to a number of government officials who bypassed or attempted to bypass the Legislative Council to do different work. Regarding the present allocation of $15 billion for Mrs Carrie LAM to implement the Community Care Fund (CCF), we joked that this might be her "popularity rating fund". If anyone says that she has the chance to rise to a higher level, I believe the Financial Secretary has contributed a lot of efforts as well. No wonder after he delivered his speech, Mrs Carrie LAM said — very few Hongkongers, Legislative Council Members or people would say such words — the first person she wished to thank was the Financial Secretary.

Apart from such applauses which officials gave one another, what else did we observe? We observed that many grass-roots people were unable to benefit from the financial surplus at all. The Government is the best at offering one-off subsidies — this is not the first time it has done so — for example, paying two months' rent for public housing tenants, an additional monthly payment of the Comprehensive Social Security Assistance, electricity subsidy, funding of $100 million for food banks, and so on. All these are actually putting up a show which is in fact a drop in the bucket.

Why does the CCF need $15 billion to solve the numerous problems? The reason is that many deep-rooted problems in Hong Kong should actually be relieved and resolved through a standing and well-established policy by the Government. Back then, noting that some giant consortiums possess such enormous capital that they were just too gigantic, the Government proposed to set up the CCF with the Government and the big consortiums respectively contributing 50% to the fund. On the one hand, it could alleviate people's grievances, and on the other hand, the Government could get more money. It was highly possible that this fund would become the "popularity rating fund" for those who intended to run for the post of Chief Executive.

Unfortunately, "man proposes, God disposes". Although today, property developers have made so much money that their wealth is comparable to that of a state, they refused to do the Government any favour and would not inject any

more money, making this approach of having the tycoons pour out money to quell public grievances unworkable. The Government then peremptorily injected the taxpayers' money in its custody into the fund to regularize this distorted and unreasonable situation. Such an act has deeply disappointed us because the fiscal policy requested by us is definitely not a policy which merely shifts money from the left pocket to the right pocket by creating a number of funds, thus being unable to genuinely solve problems in the long run.

Apart from financial management, the Financial Secretary has another duty, which is to increase the land supply and improve the housing problem in Hong Kong. After much bragging, the current-term Government told us that the number of public housing units would still increase several thousand, and the Home Ownership Scheme production would be the same as that in the last-term Government of "corrupt Donald TSANG". What kind of Government is this? How did this Government seek land to solve our problems? As such, how can we accept its work? Are we incapable of solving these problems? At present, the Government has employed 100 000-odd civil servants and has some $700 billion fiscal reserves. Coupled with the foreign exchange reserves, the total exceeds $2,600 billion. Being an indescribably huge organization, the Government indicated that it was incapable of resolving these problems.

The International Monetary Fund has already advised that the problem of property price in Hong Kong needs to be addressed, so is the issue of land reserve. Of course, the Government loves to talk about its long-term housing policy, but if we continue to follow this long-term housing policy which includes hollow tactics such as opening up what it calls land outside the Victoria Harbour, caverns, and so on, we will have to wait about eight or 10 years before the completion of flats for occupation. However, for the tens of thousands of people who are in need of housing, the fresh graduates and more than 50 000 newlyweds each year, where are they going to live? Has the Government considered that?

We are disappointed with the Government not only in terms of figures. Rather, it is because the whole Budget lacks foresight. Many people in the business sector said that we cannot rely on speculation any more, be it property speculation or speculation in stocks. Yet what has the Government done to practically improve Hong Kong's competitiveness and business environment? It had not even at least improved tertiary education as requested by us. Over the years, there has not been any genuine and specific increase in the number of

subsidized tertiary education places, while associate degree programmes have given rise to many sad stories where, after the students' families had spent all their money and raised loans to enable them to complete the associate degree programmes, they could not articulate to degree programmes. Even if they could, they might need to rely on some so-called schools — I do not want to call them "degree mills" — abroad. Can such an approach improve personnel training in Hong Kong?

Let us look at the funding for the Education Bureau this year, among which $48 million will be used to provide subsidies for outstanding students to take certain courses, including English and kindergarten teacher training programmes. This is simply ridiculous. The number of students who wish to enrol in degree courses in early childhood education in the Institute of Education is more than 10 times the number of school places, yet the Government did not increase the number of places. The Government could have provided a number of school places in this area to improve the existing teacher training, but it did not do so. The present proposal is possibly a mere gesture made in response to the request of some political parties, but those political parties would not be thankful. After the Government put forward the proposal, they would not even say "thank you" because it is totally infeasible. The Government has only wasted its efforts in doing something meaningless.

As for healthcare, the expenditure on healthcare for 2013-2014 will reach $49 billion, representing an increase of $2.7 billion over 2012-2013, but in view of the increasing elderly population and illnesses with complex needs, such an increase is still inadequate. For example, the hospital on Lantau Island will come into service this year, but owing to insufficient resources, it cannot even provide accident and emergency service around the clock at the start.

Concerning the Drug Formulary, what the Government did was rather frustrating. The Government indicated that this year, an additional $44 million would be allocated for cancer treatment or chemotherapeutic drugs. While $44 million sounds like a big amount, treatment with target therapy drugs costs $480,000 a year. If the amount each patient needs to spend is $240,000 to $480,000, this sum of $44 million can assist only about 100 to 200 patients. This makes us feel that the Government is best at addressing problems by feeding people with false hopes.

The Government said that to help persons with disabilities, additional funding of $35 million would be allocated to provide 145 places for residential care and 145 places for day training services. However, in the light of the present waiting time for these training places, they will not get such places even if they wait for 10 years. This makes us understand that the so-called provision of places worth some $30 million or $60 million is actually another window-dressing act. For the tens of thousands of parents and families on the waiting list, the Government has once again slapped them on the face.

The Government said that it would use $8 billion to redevelop Kwai Chung Hospital, but now many mental patients cannot even get the drugs they need. Owing to the Drug Formulary, there are a lot of drugs not provided by the Government. Consequently, patients have to take drugs with greater side effects but at lower costs. If you do not believe my words, just pay a visit to Kwai Chung Hospital or Castle Peak Hospital, where a lot of patients are still unable to get sufficient medicinal treatment. For many ex-mentally ill persons who take cheaper drugs, employers will know right away that they may be ex-mentally ill persons as soon as they speak during job interviews. Such short-sightedness of the Government has greatly disappointed us.

Regrettably, the Secretary has left the Chamber again and stopped listening to Members' speeches. Here, I would like to tell a story. The chapter on "Transactions of Huan of Qi and Wen of Jin" in *Mencius* has told us something. King Xuan of Qi sought Mencius' advice on the way to govern a country, and Mencius asked if he believed someone had the strength to lift three thousand catties but not a feather. We may use this story as an allegory for Hong Kong, where the situation is similar. Our Government holds fiscal reserves of some $700 billion and foreign exchange reserves of $73.4 billion. The sum of foreign exchange reserves and fiscal reserves exceeds $2,600 billion. The amount of fiscal reserves is equivalent to 36% of the annual gross domestic product or more than 23 months' expenditure, and our request is simply the launch of a universal retirement protection scheme and a seed fund of $50 billion, but the Government would rather sit here *(The buzzer sounded)* …… totally ignoring ……

PRESIDENT (in Cantonese): Dr KWOK, your speaking time is up.

DR KWOK KA-KI (in Cantonese): …… I am absolutely disappointed with this Government. I so submit. Thank you, President.

MR STEVEN HO (in Cantonese): President, in this Budget, the total expenditure in the policy areas of food safety and environmental hygiene is about $5.8 billion, an increase of $230 million over that of last year or an increase by about 4.2%. The DAB supports such an increase rate. However, given that food safety and environmental hygiene are closely related to public health, we hope that the Government can put in more resources to enhance the people's quality of life. Therefore, I will elaborate on the three areas of inflation and food, the H7N9 avian flu, as well as market hygiene and street cleanliness. I hope that the Government can make improvements in these areas and safeguard the daily life and health of the public.

First, with worsening inflation in the past few months, prices related to people's clothing, food, accommodation and transport have all surged. In February, the inflation rate has even climbed to 4.4%, the highest rate since July last year, and there was a marked increase when compared to 3.1% in January. Has the increase in government expenditure reached such a level? The hike in food prices has the greatest impact on the public. Take vegetables as an example, the retail prices for Chinese kale and choi sum are $28 a catty, doubled the price of the vegetables 15 days ago. I must stress that prices have doubled, not merely an increase of 4.4%. The price for pak choi is as high as $32 a catty. Some vegetable hawkers told me that owing to the heavy rain in Guangdong for the past few days in a row, it is expected that vegetable prices would remain high for a while. This may just be an isolated incident, but I wish to make some other comments.

Apart from hikes in vegetable prices, beef prices have also soared. The wholesale prices of live cattle imported from the Mainland have increased seven times since last year. The price of fresh beef is now $150 a catty. When I last spoke in this Chamber, the beef price was $100 a catty and the price has now increased by 50%. Nowadays, many people think that beef price is so high that they can hardly afford. For ordinary housewives — sorry, I often address my mother this way, if they want to have fried beef with choi sum, and two red-thread fish for a meal, they have to spend $200. To save money, they have to buy chilled beef or some other kind of meat.

Actually, we have discussed the price of beef many times. In recent years, owing to the high consumption power of major cities in the Mainland, there is a good market for live cattle. As a result, many cattle farms are not very willing to sell live cattle to Hong Kong. Also, there is only one supplier of live cattle in Hong Kong and if this supplier has any delay in delivery, such as heavy snow or a breakdown in transport vehicles, the number of live cattle imported to Hong Kong will be instantly reduced and beef price will certainly go up.

Therefore, the Government should examine how to put in resources to liberalize the market for the supply of live pigs and live cattle from the Mainland to Hong Kong. With more suppliers, prices would be stabilized through competition. In addition, the Government should enhance the systems of lairage and livestock buyers, simplify the quarantine procedures for importing live pigs and live cattle to Hong Kong and lower the quarantine fees. Appropriate intervention by the Government can ensure a stable supply.

We also hope that the Government can provide policy support to local practitioners in livestock industry, so that they can start business in the Mainland and with their skills, concepts and passions, they can become Mainland suppliers of live pigs and live cattle to Hong Kong. This can in turn boost the sustainable development for Hong Kong's agricultural industry and stabilize the supply and prices of food.

President, in the Mainland, the epidemic of H7N9 avian flu has spread from East China to Central China and North China and the number of confirmed H7N9 cases has increased to 77. Although at present the epidemic is not posing a direct threat to Hong Kong, we should monitor the situation closely. Apart from assessing carefully the risk of the spread of the disease, the Government should liaise with relevant Mainland authorities to exchange health information, so as to grasp the features of the virus. The Government should also put in resources in the following three aspects to enhance work in disease prevention in the borders and at source.

First, the Government should enhance the inspection and testing of poultry imported from the Mainland. Although the Government has introduced a speed test for the H7 avian flu virus for imported chickens at Man Kam To, it should wait for the result of the test before allowing chicken to enter Hong Kong, so as to ensure public safety. Of course, apart from imported chicken, we should also

enhance the inspection and testing of farms supplying poultry to Hong Kong as well as the clean-up work at border control points, so as to prevent poultry from bringing in virus to Hong Kong.

Second, it is suspected that one of the transmission means of H7N9 is migratory birds. Therefore, the Government should step up publicity to remind the public not to get in contact with or feed wild birds, and teach them how to handle wild birds, so as to enhance the health awareness of the public to prevent the spread of H7N9 avian flu in the community. Besides, the Government should adopt measures to prevent the spread of virus by migratory birds. Yesterday, we discussed with Secretary Dr KO Wing-man on this issue. According to him, poultry is the main source for human infection of H7N9, and migratory birds are the main source for poultry infection of H7N9. Hence, I wish to point out here that the Government should allocate more resources to carry out work in this area, for example, installing bird-proof nets in Cheung Sha Wan Temporary Poultry Wholesale Market or adopting other prevention measures, such as stepping up the cleaning work, especially in places where wild birds gather, such as the Wetland Park or in places where crowds of people with low resistance to disease gather, such as schools, elderly homes and hospitals.

Third, the Government must closely monitor the risk of human-to-human infection of the virus. It should put in place contingency measures, such as immigration control of incoming visitors. Apart from using infrared body temperature detectors, should the Government also deploy more staff to random check the body temperature of incoming visitors? The Government should enhance publicity to remind incoming visitors to seek medical consultation and wear a face mask if they have any respiratory illness or discomfort. This will prevent the risk of human-to-human infection.

As for the industry concerned, since the last outbreak of H5N1, the industry has put in great resources and efforts in adopting stringent biosafety measures to comply with government requirements. These measures include vaccine injection, installation of bird-proof nets and regular disinfection and cleaning. The expenses of these measures are borne by the industry. As a result, the risk for local outbreak of avian flu has been very low in recent years. Of course, in order to enhance disease prevention facilities in local poultry farms, I think the Government should revise the guidelines for farm relocation which came into force after the amendment of the Public Health (Animals and Birds) (Licensing of

Livestock Keeping) Regulation in 2006. This is because under the existing legislation, the industry cannot relocate their farms. And under the present business environment, people in the industry cannot improve biosafety measures while they are rearing the poultry. We hope that they can move to new farms with stringent biosafety measures. This will help them in the prolonged fight against the virus.

More than 70% of the new infectious diseases found in the past 30 years are passed on from animals to humans. For example, the carrier of H5N1 virus are poultry and then transmitted to humans, and the carrier of SARS virus are bats. In Hong Kong, no studies have been done on livestock keeping and veterinary pathology. In case there is an outbreak of an epidemic, it is very difficult to trace the sources and carry out preventive and control work. If we only try to seek a solution after the outbreak of an epidemic, it would be too late. The Government should go a step further and put in more resources in the relevant studies in agriculture and fisheries, as well as veterinary pathology. It should set up a research centre in agriculture and fisheries and a veterinary science department in the universities. This will serve to expand the research areas to cover food safety, public health, animal vaccines, livestock rearing, and so on. Hence more methods for disease and epidemic prevention can be identified. At present, the vaccine Re-6 used by chicken farms to prevent H5N1 is produced in Harbin. We hope that Hong Kong can be successful in developing a Re-10 vaccine.

The third aspect is market hygiene and street cleanliness. Since the outbreak of SARS, people have a better awareness of public health. But after a lapse of 10 years, the Government and the public have become less aware of disease prevention, and are lax in keeping the community clean. In order to guard against the spread of H7N9 avian flu, the Government must improve market hygiene and street cleanliness.

Under the monthly rest day arrangement, all poultry stalls in public markets and fresh provision shops selling live poultry stalls should suspend their business to carry out thorough cleansing and disinfection. However, stall operators do not have a strong sense of epidemic prevention. Hence, the Government should step up its inspections of markets, so as to ensure that stall operators comply with the guidelines issued by the relevant department and the requirements concerned. On the other hand, the Government should enhance the clean-up work. For example, increase the number of times of cleaning the market daily. High

pressure water guns can be used to sanitize the place with hot water and disinfectants. More disinfection facilities can be put in place to ensure that the markets are clean and hygienic, hence reducing the risk for spreading diseases.

As for cleaning the streets, the situation is quite similar to cleaning the markets. Simply put, the Government should increase manpower, provide relevant training and increase the frequency of street cleaning. Apart from these measures, the Government can examine conducting a territory-wide campaign to report on the hygiene black spots. Members of the public can report these hygiene black spots to the Food and Environmental Hygiene Department (FEHD) and request the FEHD to make a service pledge to address the situation effectively within a specified period of time after such report has been received. Why should a service pledge be made? The Government may say that it has already formulated a relevant set of rules. At this critical moment, can services be enhanced? I hope that the Government can give serious thoughts on that.

As far as I know, the Secretary for Food and Health Dr KO Wing-man has said earlier that a territory-wide cleaning campaign enlisting the support of all sectors across the community will be organized within this month, or even within days. Government officials will also take part in the activity. In fact, in the beginning of this year, the DAB had initiated a campaign to inspect hygiene black spots. More than 100 black spots had been identified and the information had been relayed to the relevant government departments for follow-up action. Last Sunday, the DAB carried out a territory-wide cleaning campaign. Led by TAM Yiu-chung, Chairman of the DAB, other DAB Members of the Legislative Council participated in cleaning up hygiene black spots in the districts. The purpose of this campaign was to set an example and form part of the publicity efforts, urging the people to start from themselves and keep their environment clean and hygienic. This is to enhance work in disease prevention across the territory. With respect to this, the DAB hopes that the Government can take action speedily and assume leadership in efforts to promote cleanliness throughout the territory. The Government must step up its publicity and educational efforts and arouse public concern for environmental and personal hygiene in order to prevent the outbreak of avian flu in Hong Kong and avoid causing any adverse effect to the public and development in the agriculture and fisheries sectors.

President, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): President, regarding the present Budget — regrettably the Financial Secretary is not in the Chamber now, and I do not want to ring the bell to summon him back, yet I earnestly want to communicate with him. Honestly, the Budget is no more than old wine in a new bottle. I hope to see the Financial Secretary in this Chamber not because I consider him unacceptable, he is after all responsible for the Budget, and I hope to discuss with him certain concepts. This is his sixth Budget, but he still puts old wine in a new bottle …… or simply old wine in an old bottle. Strictly speaking, the bottle cannot be regarded as new, even the colour is similar. He has not paid heed to the prevailing public aspirations and reality of society as a whole. More often than not, prior to the delivery of the Budget, he had deployed various means to attract attention, sometimes via animation and sometimes he personally put up a performance. Though he has listened to the views, he always mentions the need to keep the expenditure within the limits of revenues. Sometimes, this remark gives us a headache. To date, our fiscal reserve is colossal.

President, is maintaining a "big market, small government" the only focus of our fiscal principal? Does it mean that Hong Kong can sustain its prosperity by merely preserving the real estate and financial sectors and protecting several large consortia and influential families? How many more budgets of this kind do we have to accept — I do not know whether he will still be the next Financial Secretary? In my view, it has been 16 years since the reunification, what should we do? Many deep-seated conflicts have surfaced in society, and these problems cannot be resolved by the short-term and short-sighted policies now adopted by the Government. The Government has to pluck up the courage and boldness to overcome all the obstacles.

Honourable Members, I think you will find the content of my speech familiar. When I served as a Member in the past, I had already pointed out these problems. But now, when I rejoin this Council, I have to point out that the situation has not changed, the anti-rich sentiment is intense. Concerning workers of the container port, while the prolonged exploitation of workers by HIT has led to strong criticism, the discontent over Hutchison Whampoa or the LEE's family, the boss behind-the-scene, has added fuel to the strike and social movement. These issues have to be considered by the Government. The problem of disparity between the rich and the poor has been discussed for years. The stance of the Government has changed from denial to admission of the

problem. However, under the governance of the incumbent Chief Executive, the situation will only worsen as there are no targetted measures to deal with the problem. As mentioned by Mrs Regina IP, the problem of downward mobility of the middle class in an M-shaped society has emerged long ago. When we compare our situation with that in Japan — a Japanese writer has written a book titled *The Downward Mobility Of The Middle Class* — I have mentioned time and again, starting from the time when I was a Member, that the present situation will continue to deteriorate. The downward mobility of the middle class will continue, and a growing number of people will join in. As for the business environment for small and medium enterprises (SMEs), Mr Michael TIEN, who is in the retail sector, has mentioned that all SMEs have great grievances in respect of real estates and rental.

I side with the labour sector. During my contacts with the business sector, I find that they share a common view. While they have disputes with the labour sector on minimum wage and standard working hours, they also think that the sky-high rental is one of the culprits causing operating difficulties to SMEs and eventually leading to their winding up. This is not a new issue. The Hong Kong Government or the Central Government should examine why there is such a high anti-government sentiment in Hong Kong? Why is the anti-rich sentiment so intense? Why are there protests against real estate hegemony? I think the Hong Kong Government and the Central Government should seriously examine these issues. They should not glibly think that the present situation is caused by the media. As mentioned by our young Member from the agriculture and fisheries sector, Mr HO, his mother spent $200 for frozen beef and golden thread fish. It is extravagant to spend $200 on a meal.

Honestly, despite the intense public grievances, the Government still adopts some short-sighted, short-term and temporary measures. It only manages to resort to stop-gap and piecemeal measures. If anyone comes forward to make an outcry or take certain actions, I believe the Government can hardly handle the situation. In particular, LEUNG Chun-ying had bragged about his enthusiasm and determination to deal with these problems during the election campaign. This is the point I would like to raise in the discussion of the Budget today. In my view, apart from the Financial Secretary, Secretary Prof K C CHAN and other government officials, including the Chief Executive, should give thought to the problems and be accountable. I think the Government should not procrastinate time and again. From the Policy Address to the Budget, it has been trying to

bluff its way out by presenting some seemingly correct approaches as solutions. It should not whitewash the prevailing problems with euphemistic statements. The problems cannot be solved by merely announcing the implementation of certain policies. It has to attend to the many details in implementation and should refrain from taking any arbitrary actions. Housing development is a case in point, yet I will not talk about it here, I will talk about this issue later. The Government should not merely be invincible in words but back off easily when it encounters the slightest pressure in implementation, as in the case of the withdrawal of the legislation on standard working hours. It should not hesitate when it encounters the slightest pressure in the real estate issue, as well as on the milk powder issue. I hope that the Government as a whole, the new Government in particular, will pluck up the courage to deal with the problems we are facing today. Honestly, many people are worried about Hong Kong, and they consider that Hong Kong will be stuck in the present state. What should we do? We, who are born and brought up in Hong Kong, aspire Hong Kong to attain further achievement, and the present situation is not what we want to see.

President, in the face of these deep-seated problems, as Premier WEN said — he is not the Premier now, another person has taken his place. I believe the new Premier will reiterate this point soon. In my view, the Government as a whole should solve the problems under this circumstance. But how can the problems be solved? I recall that the former Secretary for Labour often said to me, "CHAN Yuen-han, you strive for labour welfare, you ask for this and that, but where does the money come from?" He often puts this question to me, and I agree. We cannot just demand for this and that, we should also voice our views. For this reason, the Hong Kong Federation of Trade Unions (FTU) had already proposed taxation reform a dozen of years ago. We do not put forth such proposals today but long time ago. The proposal on levying capital gains tax had been raised time and again. In fact, community groups, including labour organizations, the FTU and colleagues of this Council, have constantly raised a lot of concerns.

President, many economists, as well as politicians, have proposed the so-called equal taxation. The funeral of Mrs Margaret THATCHER will be held today. I do not intend to say too much, the world still respects her. However, I would like to talk about the poll tax. Back then, certain liberal economists with extreme views proposed the implementation of poll tax, under which every person was required to pay the same amount of tax. Some people consider it fair

for everyone to pay the same amount of tax. But in objective reality, it does not work. It will eventually lead to serious problem. It is impracticable. Unfortunately, Hong Kong chooses to follow the established practice of the United Kingdom. As for me, I often bring up this issue. Today it is not the first time that the FTU raises concerns about the fairness of the tax regime, we have talked about this issue for a long time, probably for more than 10 years. If you ask me again whether the existing tax regime is OK, I will definitely say no. There are two types of tax in the Budget, that is, salaries tax and profits tax. Our salaries tax is charged by a vertical scale, which means the more one earns, the more tax he has to pay. It is true that a standard rate has been put in place, yet it is only applicable to people paying a large amount of tax. Regarding the existing profits tax, no change has ever been made; it follows strictly the arrangement adopted by the United Kingdom. So, whether or not it is a fair arrangement, I do not need to say much. Hong Kong people have objectively told us that they consider it unfair.

Many community groups disagree with this tax regime — back then, not many people expressed this view, but now, many people share this view — they agree with the principle that people earning more should pay more. As such, we have been emphasizing this principle all along. Do the Government and the Financial Secretary have the courage to challenge certain unruly people who do not pay much tax? I think it is time for the Government to pluck up the courage to launch reform in this respect. It should stop yielding to their demands. As for the estate duty, we agree that it should be abolished. Regarding the duty on house wine, we also think it can be abolished, but that should not be interpreted as an "against" nor a "for". The Government should listen to the views of the public and start to think about these issues. If it refuses to do so, serious problem may arise.

When we discussed this issue and the present situation of Hong Kong, the Government has to face the issue of tax regime squarely. I remember when we discussed sales tax years ago, Henry TANG, who was the then Financial Secretary, had met with great opposition, and eventually the proposal was shelved and no more discussion was carried out. Back then, we had pointed out that changes in the tax regime would involve a lot of problem, and in imposing changes, should consideration also be given as regards whether other tax regimes would also give rise to unfairness? Having considered the unfairness of sales tax, he could not come up with a logical response. He said long ago that some

people were against the so-called poll tax, and he could not make a response in the light that everyone was required to pay the same amount. Later, he made a compromise, stating how the proposal could be carried out in certain classes. I thus have the impression that the Government lacked a mechanism for thorough consideration of the issue.

Certainly, the business sector claims that they have indeed donated a lot of money to us. Is the amount really big? I do not think so. At the meeting of the Panel on Welfare Services held yesterday, we discussed some impressive schemes, which had made desirable achievement in implementation. The Community Investment and Inclusion Fund is a case in point. As for other schemes running under the seed money module, how much money has been offered? Though the objective is to provide assistance to the needy via joint efforts, the objective reality is that these schemes are unattractive. Yesterday, at the meeting of the Panel on Welfare Services, we discussed ways to enhance the attractiveness of these programmes. We later proposed that instead of going around seeking sponsorship like beggars, a levy should be imposed like tax to collect funds for these programmes. If the Secretary does not believe us, he may read the information provided to us by the Panel on Welfare Services. We had discussed the issue and put forth our views to the Government.

Therefore, the Government should not go overboard in these aspects. I have to reiterate one more point. I never urge the business sector to follow the example of BUFFET in donating all they have. All I ask is to put in place tax regime that enables Hong Kong enterprises to shoulder corporate responsibilities. In Hong Kong, the poor is getting poorer and the rich is getting richer. What is the major cause of the wealth disparity? The anti-rich sentiment involves inadequacies of the tax regime. We have once raised this question. The capital gains tax has overlooked this part. How should the Government handle this issue? Once we voice out this issue, there are criticisms against us. Seeing that many liberal economists rebuke us, the Government then backs away. This pattern repeats all the time. I do not want to mention this incident again. Yet I would like to raise one point, and some colleagues have mentioned this earlier, from 2002 to 2012, the income per capita for Hong Kong has increased by over 30%. As such, the problem of wealth disparity in Hong Kong has now aggravated. It is mainly because while some people are earning more and more, the income of some others keeps decreasing. As a result, the problem of wealth disparity in Hong Kong is ranked the first of the world.

(THE PRESIDENT'S DEPUTY, MR ANDREW LEUNG, took the Chair)

Frankly, I do not need to say much about this problem. When I talked about an M-shaped society earlier, the objective reality is that not only the grassroots have become more miserable, even the well-off middle class is moving downward. Actually, there is no welfare, medical services and retirement protection. What should we do? However, the Government has taken the lead to appease the business sector. After the reunification, the Government took the lead to outsource various types of work, putting workers and the grassroots in deplorable state. This is the kind of policy adopted by the Government. If the Government wants to exhibit its vision, it should have considered the root cause of wealth disparity. In other words, people earning more should pay more tax and those earning little should get assistance. The logic is simple. The Government as a whole should put in extra effort.

Moreover, I would like to talk about the land issue. Land is the solution to the problem. Over the past decade or so, I have all along worked with the labour sector. I find that the land issue actually affects various trades and industries, the employment market as well as SMEs. Even the creativity of young people is affected by the land issue. As the use of land is monopolized by consortium, when they revitalize industrial buildings, they simply focus on real estate projects. No matter where young people go to develop their creativity, they will eventually be restrained by real estate developers reaping the greatest interest. How come the Government has not thought of these issues? I have raised this issue numerous times. The use of land should not be solely determined by real estate developers. Land should also be used to meet the needs of the public, business sector, residents and farmers, and it should not merely be used for housing development. Does the Government have the courage to tackle this problem? In developing the land, I hope the Government would act boldly, it should not merely consider whether real estate developers would put in resources; instead, it should strike a balance by including some additional requirements in the terms and conditions for land sale. In the face of the operating difficulties of small operators, why cannot the Government address the problem by imposing some terms and condition in land sales? Take the development of Kowloon City as an example. There are many SMEs, feature food establishments and shops in the district, can the Government include certain requirements in the terms and condition of the land sale, so as to facilitate their

operation? Does the Government have the courage to do so? These shops and stalls used to be a characteristic of Hong Kong, but they had disappeared in the past decade or so. In view of these, the Government should consider these issues.

I reiterate once again that I welcome Members from the business and industrial sector to discuss about industrial diversity today. The FTU does not put forth the idea of industrial diversity today. In 1998, in the face of the inequality of strong capital and weak labour, and the lack of employment opportunities and rights of labour, we had put forth the diversification in economy. Honestly, the authorities should work on the land issue in order to solve the problem. If it does not work on the land issue and dare not say no, I think the problem will persist. It will not only give rise to accommodation problems, but will also create problems in employment and business operation. Why can't the Government work in this aspect?

Deputy President, we are facing these problems. As for the Budget, I refrain from going into specific content, for I want to focus on the discussion of the problems. The social phenomenon is that the problem of disparity between the rich and power and the land problem have become more and more ridiculous. The circumstance and the difficulties we are facing now are the difficulties of the economy and faced by SMEs. Problems similar to these have to be solved by the Government. It is a matter of courage in solving these problems *(The buzzer sounded)* ……

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

MISS CHAN YUEN-HAN (in Cantonese): Thank you, Deputy President.

DR HELENA WONG (in Cantonese): I would like to begin by talking about some education issues. Originally, I intended to propose some amendments to the Budget today. In particular, I intended to call for the abolition of funding for the Central Policy Unit (CPU) because we learnt that it had made a lot of mistakes, including its sudden withdrawal of an annual funding of $20 million without consultation. This amount of money had all along been granted to the

Research Grants Council (RGC) for the vetting and approval of funds granted to professors of various tertiary institutions to facilitate studies to be conducted on Hong Kong's public policies. The allocation of these funds, which had all along been vetted and approved by the RGC, has suddenly come under the ambit of the CPU. Consequently, 400 professors and teachers from eight tertiary institutions unanimously opposed this approach taken by the CPU.

Furthermore, the CPU is suddenly beset with problems. For instance, has the CPU become the Publicity Department of the Communist Party of China Central Committee and become the official machinery for political propaganda? Moreover, are studies conducted by the CPU of a high level of transparency, will the findings be made public for public review? All these issues have not been addressed. Hence, I originally intended to propose an amendment to call for abolition of funding to the CPU. However, I have withdrawn this amendment because we do not wish to engage in filibustering in this Budget debate. But still, I hope I can have an opportunity to speak on this matter again in future.

As regards education, 15-year free education is a subject of great concern to many parents, members of the community and the early childhood education sector. Regrettably, 15-year free education has turned into an issue for study in the Budget, and even in the Policy Address delivered earlier. I hope the Secretary can undertake to handle this issue expeditiously, so as to provide full subsidy for early childhood education in Hong Kong.

Next, I would like to say a few words on the admission of students to postgraduate programmes offered by tertiary institutions in Hong Kong. I had previously raised a similar question, and during this budget debate, some Members have also asked about the number of students enrolled in local postgraduate programmes, including Master of Philosophy (MPhil) and Doctor of Philosophy (PhD) programmes. The data obtained by us are most alarming and worrying. We can see that the eight tertiary institutions in Hong Kong have not given any consideration to set quota for local students to enrol in postgraduate programmes. Hence, regarding the admission ratio between local and non-local students, more than 75% of the publicly-funded postgraduate places in local universities have been offered to non-local residents, with 67.2% of them coming from Mainland China and another 8.5% being overseas postgraduate students who are non-local residents coming from places other than the Mainland. In

2012-2013, only 24.3%, or less than one fourth, of the postgraduate students are Hong Kong residents born and raised locally.

Secretary, I have no idea what explanation you will offer. Currently, many policies reflect the anxiety of Hong Kong people. For example, Hong Kong people cannot afford home ownership as all flats are snapped up, and property prices have soared. Formula milk is out of stock because Mainlanders coming to Hong Kong as individual travellers have snatched the stock. Hence, we still have to debate the issue of import control tomorrow. In Hong Kong, we have to handle many issues concerning how to protect the interest of Hong Kong residents. The issue in question is not related to private universities, but publicly-funded universities. In the Budget, according to the figures provided by the Secretary, the unit cost of funding a postgraduate student is $500,000 a year. However, less than 25% of these 5 000-odd postgraduate students are Hong Kong residents. Is this ratio reasonable? Should we review afresh this policy to accord priority to meeting the need of local students to study in graduate schools?

Certainly, we are informed that the standard of local universities can be upgraded if more top students from all over the world come to Hong Kong to study in our graduate schools. While we have no objection to these top students coming to study in Hong Kong, we are talking about who are the targets of our education system.

At some meetings held earlier, Dr Richard ARMOUR, Secretary-General of the University Grants Committee (UGC), indicated, in reply to my question, that academic attainment was the only consideration in admitting postgraduate students by local universities. Academic attainment has become the sole factor for consideration. Certainly, we hope to admit academically strong students — first of all, I would like to declare that I also teach in university — we certainly hope to take the best students. However, I am talking about a unit cost of $500,000 for each publicly-funded place. Is it reasonable for us to provide the same amount of funding for all places, regardless of whether the students accepted by us are from Hong Kong, Mainland China or other parts of the world?

If we accept the argument advanced by the Secretary-General of the UGC that academic attainment should be the admission criterion, should our publicly-funded education be opened to the rest of the world and top students all

over China, so that they can come to study in our kindergartens — our future kindergartens — as well as in primary and secondary schools, and even pursue undergraduate courses in our universities?

Education is a basic benefit and right. We simply cannot stop assuming a gate-keeping role. I personally do not object to overseas or Mainland students coming to Hong Kong to study in our postgraduate schools, but should the Bureau review afresh this mode of funding by public money?

At present, a PhD student accepted by a tertiary institution in Hong Kong will receive stipend over a three-year period, disregarding if he is a Hong Kong people. As for an MPhil student, stipend will be granted over a two-year period. This means that MPhil and PhD students, whether or not they are Hong Kong people, will each receive $1 million and $1.5 million respectively. The Secretary must give an explanation.

I had a tough time when I was pursuing a PhD degree abroad. While I was studying in the University of California, which was fully funded by the Government of California, the tuition fee paid by me was three times higher than that paid by a local resident. If the tuition fee paid by a local resident was around US$1,000 per semester, the tuition fee paid by me would be around US$4,000 per semester, because I was not a local resident.

Upon my return to Hong Kong, however, I found that the tuition fees paid by all students in Hong Kong were the same. Why could our Government become so generous all of a sudden? If the Government were so rich and could be so generous, why did it not provide more publicly-funded undergraduate places, so that many parents would not need to pay out of their own pocket for associate degree programmes for their children?

Another point which I find most puzzling is that not only does the Government provide stipend support, it has also put in place the Hong Kong PhD Fellowship Scheme (HKPFS). Buddy, the name of this Scheme really gives us a very good impression of the Government, for we are led to believe that the children of Hong Kong people will be funded to pursue PhD programmes or study abroad. As mentioned by Mrs Regina IP just now, it was very difficult for me to study abroad years ago. Since I was not born into an affluent family, no matter how hard I had worked and saved up, it was impossible for me to save up

enough money to pursue a PhD programme in the United States. As a result, I had to apply for research fellowships and to raise funds and submit applications in different places.

Now, the HKPFS is set up to attract postgraduate students from all over the world to study in Hong Kong. Buddy, should we give it some thought? The Government is literally offering money to invite people to come to study in Hong Kong. However, will the Government consider funding Hong Kong people who wish to pursue PhD programmes abroad under the HKPFS? The Government is really unable to weigh its priorities. Even if the HKPFS has to be retained, the Government should consider dividing the Fellowship into half, with half of it for attracting overseas top students to come to Hong Kong for study, and the other half for Hong Kong people who wish to pursue their PhD programmes locally or abroad.

Honourable Members, I have no objection to Hong Kong going global, but I am now talking about how public money can be used in a responsible manner. The tuition fees paid by overseas students studying in Hong Kong should cover the cost previously incurred. The Government should not apply a standard mode of funding to all students who come to Hong Kong for study. At present, if a postgraduate student is eligible for the PhD scholarship mentioned just now, the Government will have to provide him with a monthly subsidy of $20,000 and an additional monthly subsidy of $10,000 for convening conferences or as transport subsidy for conducting research, whereas each postgraduate student may receive a monthly stipend ranging from $12,000 to $14,000. May I ask why the Government could have become so generous all of a sudden? Why has a two-tier system not been put in place to ensure that the money goes to Hong Kong residents only, whereas other people, regardless of the places where they come from, should meet their own expenses? If they cannot do so, they should apply for scholarships, and the HKSAR Government should not be made to cover their expenses instead. I hope the Bureau, the RGC and the UGC can expeditiously come to this Council to give us a formal account on this issue.

Next, I would like to talk briefly about the rights of women. Throughout the Budget, we have not seen the Government reviewing the entire Budget from the gender perspective, or with the gender mainstreaming checklist proposed by the Women's Commission, to examine if the Budget is conducive or detrimental

to the promotion of gender equality. Many women's groups oppose the Budget mainly because several major issues proposed by them are taken lightly by the Government.

The first issue concerns child care services. We fail to see in the Budget that the Government is aware of and has plans to address the situation in which many housewives are compelled to stay home to take care of their children and cannot go out to work because of the lack of proper child care services. The day-time child care service, and even occasional child care service, currently available in Hong Kong is actually inadequate. After-school care service for children aged between seven and 12 is also in great shortage. However, we have not seen any plans drawn up by the Government to address this issue. The Secretary only said that studies would be conducted in the future to find out more about the situation. But that will be really bad. Can the Government formally examine this issue?

Take child care service in Sham Shui Po as an example. Despite the large number of poor people and new female arrivals living in Sham Shui Po, there is only one child care centre in which only 62 places are offered. Although its quality of service is not bad, its monthly fee, in excess of $4,000, is quite high. Not many women can afford to send their children to such day care centres. Although the Government said that people can apply for allowances, only one to two places are available. I hope the Government can seriously address the aspiration of these women's groups. We often advocate the release of the labour force of women because, despite their wish to go out to work, they are left with no choice because of the lack of child care facilities.

As for the Neighbourhood Support Child Care Project, it is seriously flawed as well. Now, an attempt is being made to exploit women in local districts as volunteers. I would like to call on the Government to consider seriously the proposal put forward by the women's groups to raise the rate of honoraria for these volunteers to a level not lower than the statutory minimum wage rate.

I have talked about many issues about education and women today. Since women account for half of Hong Kong's labour force, I hope these issues will not be marginalized by the Government. I also hope the Government can pay serious attention to the aspirations about child care services and speed up efforts

in conducting studies on an allowance for home carers, so that people who cannot work full-time, whether for the sake of caring for small children, people with disabilities or the elderly, can receive financial assistance *(The buzzer sounded)* ……

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

DR HELENA WONG (in Cantonese): Thank you.

MR NG LEUNG-SING (in Cantonese): Deputy President, a thinker has said that there is no such thing as absolute truth in the world and that all truths are only relative. I cannot agree with this more. In making comments on this year's Budget, we should start by drawing a horizontal comparison. From the angle of global finance, the 2013-2014 Budget of Hong Kong is still fair and balanced. Let us compare it with the 2014 Budget put forth by the President of the United States, OBAMA, just last Wednesday which has captured the world's attention. On the one hand, it proposes a cut on health insurance and welfare expenditure and on the other hand, it imposes a tax increase on the rich. Yet, an overall fiscal deficit of US$744 billion is still envisaged and it is planned to achieve a deficit reduction of US$1,800 billion in a decade. In comparison, the 2013-2014 Budget of Hong Kong proposes an increase in expenditure. While the recurrent expenditure on social welfare will increase by 31%, a tax increase is still not needed, and a primarily balanced budget can still be achieved with an estimate of a slight deficit of about $4.9 billion. This is a relatively good package amidst the critical conditions in the international arena.

To begin with, I agree with the Financial Secretary's principle of "adhering to fiscal discipline": (I quote) "Fiscal sustainability and prudent management of public finances require us to strictly contain the growth of government expenditure. We must not increase expenditure without good cause, or without regard to our low tax regime." (End of quote) Hong Kong has all along adhered to the principles of keeping expenditure within the limits of revenues and allocating resources where they are required, such that the fiscal reserve can be maintained at a certain level and hence give us the strength and resources to ride out

difficulties one after another. We will not forget that during the SARS outbreak in Hong Kong a decade ago, the economy was in the doldrums, the property market experienced a downturn and the unemployment rate surged to over 8%. The Government subsequently made use of the fiscal reserve to implement a series of measures to relieve the people of their plights. Coupled with the support provided by the Individual Visit Scheme and CEPA, we managed to get over the crisis. In fact, Hong Kong recorded a fiscal deficit in the five years between 1998-1999 and 2003-2004. If we do not have the fiscal surplus accumulated over the years, it would be difficult for us to tide over these crises safely. Had Hong Kong been like those heavily indebted countries, such as Greece, Spain and Cyprus, the consequences would have been disastrous. Members of the financial services sector agree that there is a need to continuously uphold the principle of fiscal prudence and make consideration from the long-term interest of Hong Kong.

As in the past, the Budget pointed out that a "simple and low tax regime" has been the key to the success of Hong Kong. I have recently read a news report saying that the tax laws in the United States contain 4 million words, six times of TOLSTOY's famous novel *War and Peace*. Statistics show that the Americans spend a total of 6.1 billion hours on filing tax returns. Of course, the United States is just an example, and hardly can we base on it to make an overall judgment. Having said that, the "simple and low tax regime" in Hong Kong is indeed the key for Hong Kong to maintain its competitiveness in the long term, and it has all along operated effectively. Some people suggested the adoption of a progressive tax system and the introduction of capital gains tax, but these would only complicate the tax regime in Hong Kong and easily undermine our attractiveness to foreign investors.

Members of the financial services sector are glad to see that the Government has continuously undertaken to promote the sustained economic growth of Hong Kong and the development of the financial services sector to enable Hong Kong to consistently maintain its position as an international financial centre. In particular, we welcome the extension of the profits tax exemption for offshore funds to include private equity funds and the efforts made to develop Renminbi (RMB) business in Hong Kong with a view to turning Hong Kong into the premiere offshore Renminbi business centre. The extension of the RMB Qualified Foreign Institutional Investors (RQFII) Scheme will help widen the cross-boundary channels under the Mainland capital account and serve as an

example for capital account liberalization in future. I noticed that some international financial centres, such as London and Singapore, are competing with Hong Kong for the position of a leading offshore RMB business centre. Taiwan and Australia are also actively working to this end. Just 10 days ago in early April, the Industrial and Commercial Bank of China announced that a share subscription agreement was signed with Taiwan's Bank Sinopac. While setting a precedent of a Mainland bank buying the shares of a Taiwanese bank, this will also drive the development of RMB business in Taiwan. Some time ago, Australia also announced direct currency trading between the Australian dollar and RMB, bypassing the US dollar, and this arrangement comes into effect today. France also intends to propose to China the signing of a currency swap agreement. This agreement, if signed, will enable Paris to become China's another offshore centre for RMB settlement in Europe after London. In view of all these active plans and initiatives, Hong Kong absolutely cannot treat this matter lightly and rest on our laurels, or else it would be too late to regret.

In respect of concrete measures, members of the financial services sector are particularly encouraged by the Government's obvious support for the small and medium enterprises (SMEs), including the extension of the special concessionary measures for one year under the SME Financing Guarantee Scheme. Members of the financial services sector believe this will provide timely support to SMEs. According to a survey conducted recently, financing and market development have remained to be two great challenges faced by SMEs. The measures proposed in the Budget can alleviate some of the problems faced by SMEs in financing, and this does merit support.

Deputy President, human capital is part and parcel of the competitiveness of Hong Kong. We have seen that an academic, Prof Francis LUI, pointed out in his book《幫香港算算帳》(*Reckoning Hong Kong*) that the need for Hong Kong to transform into a knowledge-based economy is a fact known to all and the key to success lies in whether Hong Kong has sufficient talents. It takes 10 years to grow a tree and 100 years to nurture a man. Hong Kong has all along injected quite a lot of resources into education in terms of the absolute figures. In this financial year, the amount is as much as $63 billion, accounting for more than one fifth of the Government's recurrent expenditure and ranking the top among all policy areas for having the highest expenditure. In respect of the training of talents, emphasis must be put on the schooling children on the one hand and importance must be attached to the current workforce on the other.

For historical reasons, the education level of the adult population in Hong Kong is relatively low. If we look at the 2011 Population Census, we will see that of the 6.25 million adults (aged above 15) in Hong Kong, 2.99 million people had an education level of junior secondary and below, accounting for 48% of the total adult population. Therefore, it is necessary to enhance on-the-job training and upgrade the quality of the overall workforce. I notice that the Budget has proposed some proactive measures for these purposes. For example, the injection of $15 billion into the Employees Retraining Board, and the allocation of $10 million to provide support to the 19 Industry Training Advisory Committees (ITACs) for them to, among other things, introduce award schemes and design training programmes. The financial services sector and I support these initiatives. But given that there are 19 ITACs, the funding to be received by them is limited indeed. As these ITACs cover over 50% of the workforce in Hong Kong, the allocation of $10 million for promoting their work is insufficient. I hope that more generous provisions can be made if there is an opportunity in future. Moreover, many professional institutes in Hong Kong covering a diversity of industries and fields have, over the years, provided training for talents for Hong Kong and continuously updated their professional knowledge and skills. I suggest that the Government should consider providing suitable support to them if possible.

It is worth noting that the low commitment to scientific research and development (R&D) has become Hong Kong's Achilles heel. The commitment to R&D accounted for a mere 0.44% of the Gross Domestic Product in 1998. It increased to 0.81% in 2006 but dropped to 0.79% in 2009, which is way behind the 2.2% of Singapore. This is not conducive to upgrading the class and professionalism of industries. I am glad to hear that the Government attaches importance to the role of local universities in R&D. The Budget has proposed the provision of funding to six local universities for a period of three years, with each university receiving a subvention of up to $12 million, to support their work in technological transfer with a view to transforming technology research outcomes into products with market potential. According to reports in the press, the proceeds generated from technological transfer by these six local universities was about $1 billion annually in the past three years, showing that there are potentials for further upgrading. According to the Director of the Technology Transfer Office of the University of Hong Kong, Paul CHEUNG, the recurrent expenditure on R&D in Hong Kong is far lower than that in the Mainland and overseas countries and this has imposed limitations on technological transfer. I

propose that the Government should start by targeting the root and appropriately increase the commitment to R&D and follow up the objectives and effects of the commitments made.

Lastly, Deputy President, I would say that all in all, this Budget is basically very comprehensive and thorough which provides opportunities for taking forward the development of Hong Kong in the relevant areas and so, it merits our support. The financial services sector hopes to forge close co-operation with the Government, so that Hong Kong can continuously play an important part for China to enter the gate of the world in an upright manner.

With these remarks, Deputy President, I support the Appropriation Bill 2013.

MR IP KIN-YUEN (in Cantonese): Deputy President, so far, more than a dozen Members have delivered their speeches on the Budget one after another today and by coincidence, the great majority of them talked at length about the issue of education, giving me an impression that this is a debate on education. This reflects the importance attached by Members on education and it can also be seen that in this Budget, education is an area with a weak performance.

Deputy President, if we want to evaluate if education is highly valued in a place, one key indicator is certainly the expenditure on education of that place. In assessing the expenditure on education, there are two well-recognized indicators, one being the percentage of education expenditure in public expenditure and the other being the education expenditure as a percentage of the gross domestic product (GDP).

Concerning the first indicator, that is, the percentage of education expenditure in public expenditure, in the early years after the reunification, that is, during the tenure of Mr TUNG Chee-hwa, importance was indeed attached to education as the education expenditure at that time accounted for about a quarter of the total public expenditure. However, this proportion fell to 21.3% last year and this year, it decreased further to 20.4%. Therefore, this year, our government officials can no longer say, "For every $4 that we spend, $1 is spent on education". They can only say, "For every $5 that we spend, $1 is spent on education".

Although the proportion that the expenditure on education accounts for is still quite large, if we take a look around the world, which country or region does not have a large expenditure on education? Most importantly, we noticed that the proportion of the expenditure on education is on the decrease.

If we go on to take a look at the expenditures for various government departments, we will find that only a small number of departments will have their estimates reduced but unfortunately, these departments include the Education Bureau and the University Grants Committee (UGC). If we compare the estimate for the Education Bureau this year with the revised estimate last year, we will find that the estimate has decreased by as much as 10% and that the estimate for the UGC has also decreased by 5%.

If we look from another perspective, what is the expenditure on education as a percentage of the GDP? If a lateral comparison is made, the results so obtained are quite disheartening. The first approach is to compare with economically well-developed countries. Take the OECD (Organization for Economic Co-operation and Development) as an example, among its member states, the proportion of education expenditure to GDP is on average 6.2%. In fact, the proportion in this regard has already exceeded 7% in many countries, including Denmark, South Korea, New Zealand, the United States and many countries in Northern Europe. These are all regions that are recognized to be fairly well-developed in terms of education, with education expenditures that account for a fairly high proportion of their GDPs. However, the figure for Hong Kong in this regard is only 4%.

If comparisons are further made with neighbouring regions, such as Singapore, Shanghai and Macao, unfortunately, we will find that in the past four years, these regions have all devoted a great deal of resources to education. In the case of Macao, the proportion of the expenditure on education has doubled and that for Shanghai has even increased by more than 70% in the past four years. Hong Kong is trailing far behind them in this regard.

No matter if we compare ourselves with developed countries or neighbouring regions, we will find that we cannot keep up with them, so this is actually very alarming. If we do not make efforts, other countries would not just sit on their laurels but would surely work hard. For example, the Australian

Government announced a few days ago that in the next six years, the Australian Government would invest 14.5 billion Australian dollars (that is, more than $110 billion) in education to enhance the quality of its primary and secondary education, with priority accorded to public schools, which would be provided with 12 billion Australian dollars. This is the most significant education reform in Australia for decades. Australia is going to do what Hong Kong would not do.

Our present achievements may be surpassed by Australia very soon. Australia's goal is to make Australia one of the top five countries in the world for the performance of its students in science, reading and mathematics literacy by 2025. Its Prime Minister, Julia GILLARD, who once served as the Minister for Education, said that a world-class education system is the key to a robust economy in the future. I believe that friends seated here would all agree that our future also hinges on our education.

Various places, such as Australia, Singapore, South Korea, Japan and Taiwan, are all making great efforts and our Motherland — the Mainland — is also being very earnest. In the past, scholars in China often criticized education in China for being backward, with the proportion of education expenditure to the GDP standing at some 1% to 2% only. However, at present, the rate has risen to more than 4% this year, whereas for Hong Kong, the rate of 4% has decreased. With the wax on one side and wane on the other, our education system will experience a lot of problems, for example, the working conditions for teachers in Hong Kong. Their workload is onerous since they have to teach a large number of students; associate degree students in Hong Kong will have to bear high tuition fees; moreover, many school buildings are already very run-down.

In these circumstances, people from other places may think that our economy is in recession, that we are experiencing a lot of difficulties and that we have descended into an economic crisis like the one in Spain. However, the reality is that we are in possession of a huge surplus and the reserve at our disposal amounts to as much as $1,400 billion. Despite such a huge surplus, we have not made any long-term commitment; rather, only one-off measures to hand out sweeteners are introduced, so this is a matter relating to Hong Kong's overall fiscal philosophy.

Under such a fiscal philosophy, the Government refuses to make long-term commitments to recurrent expenditures or long-term measures, for example, to healthcare, social welfare and education. The Government has not made any long-term commitment to all these areas. In these circumstances, despite having a surplus, the problems cannot be solved, so all that can be done is to hand out sweeteners.

It is estimated that the measures to hand out sweeteners in the past six years had cost $200 billion and this year, the amount of money incurred by handing out sweeteners will also reach a total of $33 billion. We have missed the opportunity to make good use of our tax revenues to resolve the issues relating to wealth disparity, the ageing of the population and the development of education, and as a result, even bigger problems will arise. For example, most of the existing measures to hand out sweeteners only benefit the middle class, whereas the poor cannot be benefited in any way.

Apart from handing out sweeteners, another financial ploy is to inject money into various types of funds. As of March last year, the Government established a total of 50 funds with a balance that was as high as $71 billion. If further injections into a number of funds this year are included, for example, injecting $15 billion into the Community Care Fund, $15 billion into the Employees Retraining Board, $5 billion into the Environment and Conservation Fund and the $5 billion into the Language Fund, the balance in all these funds would probably amount to more than $100 billion. This is a huge amount of money but it has been frozen, to be used only in several areas. Why is it necessary to do so? Why are the expenditures in these items accorded higher priority than other items? Why is it necessary to lock up such a large amount of money in these funds?

In respect of education alone, there are already 10 funds and five of them were established only in recent years. At present, a lot of work is actually being done under these funds but we cannot help but ask: Who is actually governing Hong Kong? Is Hong Kong governed by officials or by these funds? Why is it necessary to rely on these funds rather than the recurrent provisions made by the Government to provide the recurrent expenditures? Why cannot we hold more extensive discussions on the Budget?

The Government's justification is that injecting money into these funds can reduce the fluctuations caused by the economy, but has the fiscal reserve not already served such a purpose and has it not already performed such a function? Why not simply establish a financially stable mechanism to pay for our recurrent expenditures, so that the whole society can use its resources in the most important areas with better planning and strategy?

In respect of education, in fact, there are many problems that need to be solved but they have not been dealt with properly. Over the past few months, one of the issues arousing great controversy is 15-year free education. Nearly all teachers and principals in the early childhood education sector have been fully mobilized to say no to the delays of the Government in introducing 15-year free education.

It can be seen that the Government has not provided the support needed by the early childhood education sector as a whole. In fact, the Government has said that it will introduce 15-year free education, so why has it not taken any action? Not only the early childhood education sector, tens of thousands of parents have also signed their names to make such a demand, so it can be said that this is a call made by parents, teachers and principals together.

Apart from being a long-term commitment, more importantly, 15-year free education is a question of whether or not the Government can make appropriate commitments to full-day kindergartens in the short-term or during the transitional period. Unfortunately, in this Budget, no response is made to such a vociferous demand. Why? Why procrastinate all the time and not seize the opportunity that can enhance the quality of early childhood education in Hong Kong?

This morning, at a meeting of the Panel for Education, I proposed a motion on whether or not we should take the opportunity of the falling number of students admitted into secondary schools to improve Hong Kong's education system. We hope the Government would respect our views and do a good job on the planning for education by improving the teacher: class ratio in secondary schools and implementing small class teaching. Since the Government has proposed the policy of "preserving our schools, the teaching force and the strengths of our education sector", I hope it would honour what it has said instead of dragging its feet on this issue. This is because the situation in secondary

schools is very critical and even though the proposal of a progressive reduction of allocation size by "2-1-1" has been implemented, the problems have in fact not been solved.

Another even bigger problem is that we need to care about our students. At present, associate degree students have to pay fairly high tuition fees and basically, the Government has not made any commitment in this regard, or the commitment is only very limited. Why are so many associate degree students burdened with debts after graduation? Why cannot the Government do more in this area? Furthermore, although a large number of secondary school graduates have achieved fairly good results in examinations, due to the limited number of subsidized university places, it is impossible for them to be admitted into universities. Many people have no choice but to enrol into associate degree courses. Can any improvement be made to such a situation?

Compared with neighbouring regions, Hong Kong is one of the regions with the lowest proportion of university students. Compared with metropolis such as Shanghai and Beijing on the Mainland, needless to say, Hong Kong is a far cry from them and even compared with Japan, Taiwan and South Korea, Hong Kong is also a far cry from them. In the long run, such a situation will create a big crisis for the Hong Kong economy.

As regards the issue of the workload and pressure borne by teachers, I believe there is no need for me to talk about it again. On this issue, a new review of the academic structure of senior secondary education is being conducted this year and so far, a great deal of work has been done in reviewing the curriculum but once such issues as the teacher: pupil ratio and the teacher: class ratio are broached, officials in the Education Bureau would refuse to discuss them because at present, they are only concerned with the curriculum. Why cannot the need in respect of teacher: pupil ratio be reviewed together with the curriculum? Why do we increase the work pressure under the new academic structure of senior secondary education but pay no heed whatsoever to whether teachers can perform the relevant tasks properly under the new academic structure of senior secondary education?

The only thing we hope for is that under the new academic structure of senior secondary education, teachers can do their work properly and can also have their dignity. In fact, the pressure from Liberal Studies is already very great and

the period for the provision of the Support Grant for Liberal Studies will expire soon. Will the Government continue to provide the Support Grant for Liberal Studies?

Many teachers of English are hired on a contract basis because the Government has short-term provisions specifically for hiring teachers of English. However, in the last couple of years, the contracts of these teachers were terminated one after another. At the same time, the Government injected $5 billion into the Language Fund. On the one hand, the Government injected large amounts of money into the Language Fund; on the other, some of the items funded by the Language Fund will be terminated, thus making it impossible for young language teachers to continue to work, so what kind of logic in governance is this?

If we look at the injection of $480 million into the HKSAR Government Scholarship Fund (GSF), it would even sadden many Hong Kong people because the entire GSF is divorced from reality. If $480 million is used to finance 20 top students to study overseas, why not spend this sum of money appropriately to assist prospective teachers and existing teachers in Hong Kong, so that their standards can be raised? Why can we not put the funds to good use in this process?

The last Government was slack in dealing with matters of education and this can be explained by the fact that it was a sunset government that no longer had any desire to make any effort. However, I hope this Government would not fold its arms from the very beginning, not desiring to make any progress but to deceive the public. The Hong Kong public attach great importance to education and even if the Government is unwilling to provide funding, parents would still think of a way on their own. The teachers in Hong Kong all work very hard. Even though the Government has done little for them, they can still produce very good results. I hope that the Government would not turn its education policy into a weak link but that all parties would make hard together.

MS EMILY LAU (in Cantonese): Deputy President, what Mr IP referred to as "our Government" is neither our government nor my government. It so happens that it was elected as our government, though it is actually a consortium and the government of Beijing.

Deputy President, the annual budget is very important to members of the public for it outlines how resources are being used by the Administration to deal with the most pressing problems in society. It may be difficult to resolve the problems in the absence of a consensus, but Deputy President, consensus has been reached in society, including even the business sector, on many issues, such as the ageing population, poverty and education. As Mr IP Kin-yuen has said, education is a vital means for shaking off poverty. What suggestions do the authorities have in this regard?

First of all, you may disregard what the Democratic Party thinks. Deputy President, I think you know who Henry CHENG is. He is the Chairman of the New World Development Company Limited and also a new member of the Commission on Poverty. Last month, he pointed out that the poverty problem had deteriorated over the past decade, and the Government's proposal to inject $15 billion into the Community Care Fund and use the monthly interest — which may amount to some $800 million to $1 billion every year — to alleviate poverty is far from being adequate and does not help much. Deputy President, what are his suggestions then? As the Financial Secretary and the Secretary must be aware, he proposed to earmark 50% of the fiscal reserves for a five-year poverty alleviation plan to cater for the needy. According to the statistics of the Hong Kong Council of Social Service, about 1.2 million to 1.3 million people are in need of poverty alleviation. Our fiscal reserves, as mentioned by Mr IP and other Members, amount to $734 billion, and the accumulated surplus also reaches some $620 billion. As Mr IP has said, they added up to a total of nearly $1,400 billion. Mr CHENG's proposal to use 50% of the fiscal reserves (that is $367 billion) is indeed worthy of our consideration and support.

Although the Democratic Party has not directly put forward similar proposals, we have suggested the Financial Secretary and the Secretary to set the poverty line at half of the median income. Chief Secretary Mrs Carrie LAM is now leading a group to deal with the matter, which aims to provide assistance to the needy by setting a poverty line. Meanwhile, we propose to introduce tax credit to provide support to the working CSSA recipients. In view of the small amount of assistance and the fact that they are working, we therefore propose to provide subsidies to them, so as to encourage them to keep working in view of the labour shortage in various sectors. Also, we propose to provide allowances for family carers as many of them — though the majority are female, some are male — have to take care of children, elders or people with disabilities at home and

cannot go out for work. Therefore, we must also provide them with reasonable allowances. These are our proposals.

Furthermore, we support the proposed provisions for healthcare and education, so as to attract quality teachers, implement small class teaching or assist associate degree students. All these measures can help people shake off poverty.

Regarding the healthcare system, a member of the public recently complained that he had to wait until June before he could receive consultation at the orthopaedic clinic of the Princess Margaret Hospital. He made an appointment in March but had to wait till June for the consultation. Deputy President, worse still, he later found out that the appointment date was actually June 2014. He was infuriated. Although he had paid tax for 50 years, he had to wait for 20 months for a consultation at the orthopaedic clinic. How can we face members of the public?

Mr CHENG's proposal to set aside a provision of some $300 billion is worth pursuing, and is absolutely in compliance with Article 107 of the Basic Law, which provides that the Government should spend where necessary and keep the expenditures within the limits of revenues. In so doing, there will not be any implication on the recurrent expenditures. We have put forward proposals to the Government, but it refused to accept. Advice given by a real estate developer — it is possible that some real estate developers are concerned about this — Financial Secretary, in my opinion, no matter who puts forward a proposal, we must work it out together when necessary, not to mention that we are not asking the Government to hand out $10,000 to each resident. Given the huge reserve, why does the Government not use it? The Financial Secretary should not always use the Basic Law as an excuse because after all, the Basic Law has not rejected to give a helping hand. Deputy President, I think this is exactly what the Government should do.

The Democratic Party calls on the Financial Secretary to cast aside his golden rules. Whenever he accounts for the expenditures, he would reiterate that government expenditures must be kept at 20% of GDP. I have no idea how this figure is derived, but I notice that none of our neighbouring countries adopts the same approach as Hong Kong. While it was 17% for Singapore in 2011 and 18% for the Philippines, it is as high as 28% in Malaysia. Yesterday, we met

with a Finnish delegation and learnt that the ratio was as high as 40%. While it is 20% for Taiwan, it is 40% for the United Kingdom. Deputy President, if you ask the political parties and affiliations now present at the meeting, they will also tell you that it is absurd to stick to the 20% level. We are not asking the Government to spend all its reserves or follow those welfare societies by spending as high as 40%, 50% or 60% of its reserves, but 20%, 21% or 22% is definitely inadequate.

Some Members from the royalist camp said that this 20% would definitely be abolished should we have a directly-elected government. Instead, they had proposed to keep a certain months of expenditures as reserves. Deputy President, I believe you may recall that in the Budget delivered in 1998, Donald TSANG stated that the level of fiscal reserves should be set between the limits of 26 months and 16 months of government expenditure. In 2002, Antony LEUNG proposed that the limit should only be 12 months. The incumbent Financial Secretary, however, proposed to maintain a reserve of 22 to 23 months of government expenditure. What is the point of keeping such a huge reserve?

Deputy President, we hope that the authorities can change their mindset. During the five-day Special Finance Committee meeting, a member asked why the Government had not done so and so, and a senior government official replied that the Government had to prioritize its expenditures. I was enraged and wondered who selected them. Requests put forward by elected Members were flatly turned down by these officials with a brief explanation, is this not a problem? The Secretaries of Departments and Directors of Bureaux said that they would listen to views, but have they listened to those expressed by the Democratic Party and other people? Why their proposals cannot be implemented in this Budget? Do government officials really care about the people? They do not have people's mandate, but we have obtained massive public support and fostered consensus on many issues. I therefore consider it unacceptable for these officials to adopt a procrastination attitude.

Deputy President, the 50 funds mentioned by Mr IP earlier were also bizarre as they would altogether tie down $107 billion. In response to a question on the need to set up these funds, the Government remarked that as the funds were not subject to any economic fluctuations, they facilitated effective policy implementation. If the Government can effectively implement policies, the popularity of LEUNG Chun-ying would not have dropped so low. Noting that

many directors and officials of Policy Bureaux were upset to find their hands being tied, I really cannot imagine how the Government can effectively implement its policies.

Deputy President, in fact, the Government's proposal would seize the power of the Finance Committee. The Financial Secretary indicated that he would seek the Finance Committee's approval for the setting up of the funds, but he should actually seek the approval whenever money is needed throughout the year. He further explained that the proposal would ensure a long-term operation of the funds with specific purposes. Given that this is a long-term commitment, he should have turned the relevant expenditures into recurrent expenditures instead of hiding the money in a secret drawer. I therefore oppose the setting up of so many funds.

Deputy President, now I would like to focus my attention on the Independent Commission Against Corruption (ICAC), which has been discussed at length during the Finance Committee meeting. In the eyes of Hong Kong people, the ICAC is the most treasurable government department. And yet, what happened in the ICAC has aroused our serious concern. It is now facing a succession problem but there is no succession plan at all. The Head of Operations has resigned or retired, but he has no successor. The ICAC has to resort to re-appointing a retired official of a lower rank to take up the post for several years. I have never heard of such ridiculous arrangement. Noting that other disciplinary services have comprehensive succession plans, I have raised the following questions at the Finance Committee meeting: In 2012, there was a total of 12 directorate staff, but then two resigned and the wastage rate was 16.7%. I asked the then Acting Commissioner of ICAC, Mr WONG Sai-chiu, how many of those 12 officers were in acting capacity, and he replied four. Have you heard of such a large number directorate officers in acting capacity, Deputy President? There were a total of 39 Senior Commission Against Corruption Officers at the next immediate rank, but three had resigned and the wastage rate was 7.7%. Also, there were a total of 98 incumbent Commission Against Corruption Officers (Upper), but seven had resigned and the wastage rate was 7.1%. Deputy President, the situation is pretty bad, especially in view of the need for the Operations Department to investigate the more serious corruption cases in society. With a high wastage rate, investigation can hardly be conducted but some people may feel very happy about this. Deputy President, while the ICAC requested to create 23 posts, it pointed out in the same paper that

there were 78 vacancies in the Operations Department. What has happened to the ICAC? I hope that the Commissioner would give us a clear account of the existing number of vacancies, as well as the number of officers in acting capacity and for how long they have been acting in their posts. Deputy President, I heard that some officers have acted for one or two years, or even longer, but were completely deprived of a chance to promotion. The morale is therefore very low.

I also heard that someone have acted like a tyranny and resulted in the departure of so many staff. Nonetheless, the Legislative Council was told that many staff resigned because of the lucrative opportunities elsewhere. The ICAC used to have a high morale, how come it has come to such a state (I do not want to use the word "deplorable")? Deputy President, brain drain has not only resulted in a loss of staff experience, but has also wasted the resources used to train them.

On the other hand, someone asked me to bring out the issue of internal governance. Earlier on, Principal Investigator Raymond YUEN was arrested but no relevant detail has been disclosed. Has the investigation completed by now? Why was he arrested? Was he involved in the cases under his investigation? Deputy President, you may recall that he was arrested together with Senior Superintendent of Police SIN Kam-wah and their arrests had even given rise to conflicts between the police and the ICAC at that time. In the end, it was made known that SIN was sentenced to imprisonment for the offence of misconduct in public office. How about the ICAC officer? How come they have operated in the black box? ICAC staff and members of the public are eager to know if ICAC's corporate governance has any serious problem. Deputy President, should the ICAC enhance its transparency and accountability? LEUNG Chun-ying is very good at setting up committees, but the relevant committees should invite independent and socially respectable people to join, with a view to digging out what had happened to the ICAC.

Of course, ICAC's operation has been called into question. Deputy President, being the Commissioner of ICAC for so many years, Timothy TONG had turned a blind eye to the problems of succession, brain drain and succession gap in the senior management level. This has enraged the community and the Legislative Council. I heard that he often visited the Mainland and maintained harmonious relations with Mainland businessmen. Even WONG Cho-bau

admitted that he had played golf with TONG. Some people accused him of paving way for his retirement, and the fact is that he has accepted the offer to be a Hong Kong member of the National Committee of the Chinese People's Political Consultative Conference, without trying to avoid the conflict of interest. This has not only aroused people's suspicion of him, but also the entire ICAC.

Mr Dennis KWOK raised a question on the amount of non-accountable allowance received by Timothy TONG during his five-year tenure, but then someone pointed out Mr KWOK's mistake, saying that the Commissioner only received accountable but not non-accountable allowance. So, I want to know the amount of accountable allowances received by Timothy TONG during his five-year tenure.

Certainly, Deputy President, with regard to the offering of gifts, he replied that gifts which worth a total of some $200,000 had been given out over the past five years. However, according to the information obtained by me, he had numerous entertainments as well as drinking and dining gatherings with officials from the Mainland Affairs Liaison Office and other authorities both in Hong Kong and the Mainland. Thus, people want me to ask specifically the number of dining gatherings he had attended and who else was present; whether they had drunk the luxurious Mow Toi or wine during the gatherings, and how the relevant expenses were reimbursed.

Deputy President, people have special affection for the ICAC and we are outraged at any attempt to destroy the reputation that the ICAC has taken years to build up. I hope that we will have a detailed and specific reply next week.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, this Budget can be divided into two parts, with part one on economic development, and part two on the principles and practices of public finance.

Firstly, I will talk about economic development. The Government loves playing the same old tune. Words like "make a bigger pie" and "economic development" are often on its lips. It also keeps making empty promises like "people's livelihood will be improved".

But what is the real life of the people? As the Government has not done anything to help, people in Hong Kong do not have the right to collective

bargaining nor standard working hours. As the Government has done nothing or made no reallocation, people in Hong Kong live in distress and work like slaves. The so-called "economic development" and "trickle-down theory" advocated by the Government are built on the hardship of workers who toil like slaves. Here, I must talk about the work at the container terminals. First, 17 years ago, the wage of dock workers was $1,435; and now their present wage is $1,315, meaning that they earn 10% less than they did 17 years ago. Also, they have to work 24-hour shifts, and crane workers 12-hour shifts. They are not given time to go to toilet or have meals. At the end of yesterday's negotiation and in the statement issued by the contractors today, the container terminals must operate in this way and they hoped the people can understand. Can the people understand why workers are not given time to go to toilet and have meals? Can the people understand why workers have to work during mealtime? Is that the economic development we want? Why do we have to develop our economy in this way?

The collusion between the Government and business is certainly a reason. Both the Government and the business sector do not want to introduce the right to collective bargaining; both of them spare no effort to implement the outsourcing system. Nowadays, every sector in this city is keen on outsourcing. The Government is engaging in outsourcing; the container terminals are engaging in outsourcing; the banks are engaging in outsourcing; all industries and trades are doing the same thing. What are the implications of outsourcing? The parties who outsource their jobs can shun all their responsibilities to contractors and turn a blind eye to the contractors' exploitation. All they have to do is to pocket handsome profits. These parties include the Government, who is among the first to adopt this immoral practice.

Last time, when the Hospital Authority (HA) and the Government hired IT workers through agents — please note that they are not ordinary workers but technical workers — I found the employment conditions very mean. One of the employment conditions prohibits workers from resigning, and a breach of this condition will result in a fine. How absurd it is! Also, IT workers who have worked for the Government or the HA have to undergo a "sanitization period", during which they are not allowed to turn to another agent; otherwise, they will be fined. After negotiation, we managed to reach an agreement with the HA, exempting workers from being fined. However, the condition itself is still very ridiculous. Furthermore, the agent has told female employees that they are not

entitled to paid maternity leave and their salaries will be lower. All these conditions are in black and white. This is what happens in outsourcing.

What has the Government done to promote economic development? It has done nothing but allowed capitalists to exploit workers and make them work like slaves. At a previous meeting of the Finance Committee, we asked Matthew CHEUNG why it took three years to implement standard working hours. In response, he said that it would take a long time to study this issue and seek consensus in the community; therefore, the process would take three years. However, when the Government releases the report three years later, it may not enact law accordingly. Three years later, the Legislative Council will come to prorogation and CY will only serve one more year. Thus, I asked him when legislation would be enacted. He replied that standard working hours might not have to be introduced by legislation as there might be other means. He was talking nonsense. Out of the 107 countries in the world, 100 have legislated on standard working hours. None of the countries could have relied on other means other than legislation to tackle this issue. If Hong Kong does not legislate on standing working hours, there is no way we can resolve this issue. Yet, Matthew CHEUNG said that he needed three years to study this issue. That is why I describe Matthew CHEUNG as one who loves to leave everything to the end of term. Last year, he finished a study at the end of term and handed it over to the current-term Government. At the end of this term, he will leave the next-term Government with another completed study. He always leaves the real work to the next-term Government and does not do anything himself. How can a Secretary behave like this? Therefore, Hong Kong is actually ruined by the outsourcing system introduced by the Government.

As we all know, the funeral of Mrs Margaret THATCHER takes place today. Mrs THATCHER promoted outsourcing during her lifetime. According to the newspaper *The Guardian*, the best way to show the greatest respect to Mrs THATCHER is to contract out her funeral to a funeral service company since she was keen on outsourcing. Here in Hong Kong, this Government is also keen on outsourcing; it does not have the slightest care for the workers' livelihood.

Now I would talk about the second part of my speech. I would say that the Government's overall strategy in public finance is to remain indifferent to people's livelihood. This year, the Government has a huge reserve with a

surplus of more than $60 billion. Yet, the terrible thing is that it does not know how to spend these surpluses. All it knows is to "hand out candies". But what is the use of these small favours? The Financial Secretary is not in the Chamber right now. He has been taking the same approach for six years. He has loafed away six years. He once made the quote "you have your way of life, I have my own engagement". In fact, that is not true. The truth is that "people have their own lifestyles but the Secretary just idles away the hours". He has done harm to the interests of Hong Kong and the public for six years. Why do I say so? It is because, over the past six years, he only "hands out candies" but has not solved the pressing structural problems for Hong Kong. He has not solved the pressing problems in education, healthcare and welfare; neither has he dealt with the gap between the Government and the people, the poverty problem or the wealth disparity. All he has done is to "hand out candies".

Just consider the amount involved in the giveaway measures. He had given away $210 billion in six years' time. If we divide this amount by six, we know that $35 billion was given away in each of the six years. What can be done with an annual amount of $35 billion? The Government does not know how to make good use of the money; it does not know how to spend money in areas which have actual needs, instead it spends money in areas which do not have such needs. All it does is to "hand out candies". It has not adequately addressed the structural problems of Hong Kong and wasted $35 billion year after year. It has given away a total of $210 billion. This is how our Government works.

Of course, the Government will say that the Labour Party is not telling the true picture. The Labour Party often criticizes the Government for a particular issue. Let me show you. The Government holds that I am not right on this issue. (Mr LEE showed a chart) The government revenue has increased by 115% since 2003. Yet, since 2003, the recurrent expenditure has only increased by 32%, and the GDP 52%. From this chart, we can see a 32% increase in recurrent expenditure against a 115% increase in revenue. There is a gap between the two. We can all see this gap. Financial Secretary, while you are aware of this gap, you keep on suppressing the recurrent expenditure. You retain the money for no purpose. Once the Treasury is flooded with money, you try hard to spend the money by rashly giving handouts.

Let us compare the various Financial Secretaries. In the times of John TSANG, the percentage of recurrent expenditure in the overall government expenditure is 70.6%, while non-recurrent expenditure is 10.1%. Please note the rate stands at 10.1%, implying that 10% of expenditure is non-recurrent in nature and is spent on handouts. How does this figure compare with the past? In the times of Henry TANG, the rate was 2.1%; in the times of Antony LEUNG, 1.7%; in the times of Donald TSANG, 2.8%. In the past, most of the money was spent on recurrent expenditure. Yet, John TSANG acts differently by spending a colossal sum of money on handouts. This is how our government works. At present, a high rate of increase in revenue and a low rate of increase in expenditure have resulted in our Treasury being flooded with money every year. To solve this problem, the Government must spend more on recurrent expenditure to reduce the gap.

Of course, the Government will say, "Ah Yan, your figures are wrong and mine are right." Why? How come the same set of figures can have different interpretations? That is because the figures of the Government are based on the data obtained since 1997. According to the Government, government expenditure has increased by 126.4% while government revenue 54.7%. Why are these two figures different from mine? How come my figures indicate a low rate of increase in expenditure and a high rate of increase in revenue whereas the figures of the Government show a completely different picture? The reason is simple. The Government has used the year 1997 as the basis for comparison. What happened in 1997? In 1997, government revenue was at a very high level. By using a high point for comparison, the increase in revenue will definitely be smaller. In that year, government revenue was very high but expenditure was low. We can use this chart to explain the differences.

However, I think my chart is better as it shows the changes since 2003. Why should we trace back to 1997 and do the comparison? Why not start from 2003? It is only right to start from 2003 to trace how the situation has changed in the last decade. This chart clearly shows that John TSANG has neglected his duty and ruined Hong Kong by simply giving away small favours without making commitment to increasing recurrent expenditure. That is why the structural problems of Hong Kong have become so serious, causing policy blunders with regard to public finance policies, and the lack of long-term financial planning.

The Labour Party has requested the Government to increase its recurrent expenditure by $20 billion in one go to compensate for the excessive cuts by Henry TANG in the past. The Government can indeed afford to accede to our request for an increase of $20 billion. It will not bring deficit to the Government because even if the government spending is increased by $20 billion …… in the times of John TSANG, the annual GDP exceeds recurrent expenditure by 4.2%. Even if we spend 1% of this surplus, there is still 3% left to serve as cushion. Therefore, the Government has more than enough to cope with the increase of $20 billion (or 1%) in expenditure. Regrettably, it refuses to do so.

How should we use the $20 billion? The money can be used to bring improvement in many aspects. For example, the Government can grant a living allowance for low income earners and implement 15-year free education, as frequently requested by the Labour Party. It can also give subsidies to those poor students who have gone into debt because of the expensive fees of Associate Degree and self-financing degree programmes. These are the possible improvements which can be made by the Government. In respect of healthcare, the Government can use the money to improve its healthcare services so that patients will not have to pay out of their own pockets for expensive drugs, or they do not have to wait for more than a year but still fail to obtain the services, as depicted by Ms Emily LAU just now. As for welfare, we hope that after-school child care services and child care services can be provided, so that women can go out to work. Also, we hope the Government can provide allowance for home carers to enable them to lead a dignified life while they are devoted to taking care of their elderly and disabled family members. The grant of $4,000 will enable carers to stay at home to take care of their family members. Otherwise, they may have to pay to send the elderly to residential care homes and the elderly may then be aggrieved. If carers are given an allowance, they can stay at home to take care of their elderly members and do not have to go out to work. Meanwhile, the Government can also improve residential care services. All these measures can be done by the Government with the money.

I have only asked for an extra recurrent expenditure of $20 billion but the Government has refused my request. Then, what has it done? With a Treasury flooded with money, the Government resorted to "handing out candies". There is one more measure of discharging the flooding, that is, by injecting $15 billion into the Community Care Fund, $15 billion into the Employees Retraining Fund, $5 billion into the Language Fund and $5 billion into the Environment and

Conservation Fund. These injections add up to give a total of $40 billion. But what is the use of locking money in these small coffers? These injections can only generate interest, but cannot solve the problem of having too much money in the public coffers. So far, all the Government has done is to give away money carelessly, and then retain the remaining money in different coffers. To the Government, the problem may have been solved. But do we want the problem to be solved in this way? Therefore, I would say that this Budget is a complete failure. As the Labour Party strongly opposes the Government's reluctance to solve the problem by increasing its recurrent expenditure, I will definitely vote against the Budget.

With only two minutes left, I will speak on tax revenue. We often talk about revenue, but the Government does not seem to need revenue as it is not willing to spend money. In this case, why does it need to have revenue? However, the Government said any increase in expenditure would warrant the consideration of widening the tax base to get more money. I agree that the Government should find ways to get more money. Yet, in the view of the Labour Party, the Government should first introduce a progressive profits tax. It may also introduce a dividend tax. I hope the Secretary can tell me: How much tax has LI Ka-shing paid? I have heard that LI Ka-shing only has an income of $5,000, which is a director's fee. Then, where does his fortune come from? All his fortune comes from dividends. The family of LI Ka-shing has a dividend income of $7.5 billion and yet this huge income is not taxable. As a result, the tax bill of LI Ka-shing may be lower than that of any of us here, though his income is highest in the world. He does not have to pay tax. Is that fair? How is it possible that LI Ka-shing does not have to pay tax? I would like to ask all of the Hong Kong people: Is it fair? While our hard-earned money is taxable and employees of LI Ka-shing are required to submit a tax return, LI Ka-shing does not have to pay tax since all his income is generated from dividends.

If a dividend tax can be introduced …… I have to emphasize that we are proposing a tax on large dividends as we know many elders are living on their dividend income. The tax should only be imposed on large dividends, with small dividends being exempted. If a tax on large dividends is imposed, the family of LI Ka-shing will have to pay $1.5 billion of tax for the $7.5 billion they receive. However, the fact is that he does not have to pay tax now. We pay more tax than he does. Perhaps, the tax bill of his secretary is also higher than his. In contrast, Warren BUFFETT is quite a fair man. He said that it was

unreasonable for his secretary to pay more tax than he. Therefore, he is in support of the Buffett tax. Yet, will LI Ka-shing support the introduction of a "LI Ka-shing tax"? Will he support the introduction of dividend tax and see it as a way to take up his social responsibility?

Thank you, Deputy President.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, as the SAR enters the 15th year since the reunification and the replacement of Donald TSANG by LEUNG Chun-ying, the Financial Secretary, John TSANG, who serves the two Chief Executives, had just announced the first Budget of the new-term Government. As expected, the public coffers have once again recorded a huge surplus and the Government's reserves have reached a record high. Throughout the years, a number of scholars have repeatedly asked the Government to address squarely the financial management issues as reflected by the huge surpluses recorded year after year. The community has started discussing this issue again after the announcement of the Budget. For example, Mr Marko HO from the financial community has analysed that the Government had a total surplus of $414 billion in the past seven years, that is, some $60 billion each year on average. However, Secretary John TSANG has indicated that the increase in the Government's total expenditures and recurrent expenditures have always been higher than the increase in government revenues and the Gross Domestic Product (GDP) since the reunification. In fact, the phenomenon of having a higher increase rate in expenditure than revenue and at the same time having a large surplus is incredible, it is purely a game of numbers because the increase in government expenditures is mainly related to the increase in the nominal GDP, while government revenues have become more and more detached from GDP.

In recent years, the Government has constantly underestimated the surpluses and it has handed out $180 billion over the years. It has failed to make long-term planning and has not properly utilized its expanding reserves, simply because it has not addressed squarely the fundamental changes in the source of government revenues. In fact, the general public is aware that revenues from land sales and the related stamp duty, as well as profits tax from consortia have become the key source of government revenues. The long-established practices of the Government in following the principle of keeping expenditures within the

limits of revenues and pegging expenditures and the GDP growth are outdated. The Government only concerns about controlling strictly its recurrent expenditures, but keeping a large amount of revenues in its coffers. Or it simply makes one-off handouts. For this reason, the social services are now at a standstill, the officials are wealthy while the common people are poor, and the disparity between the rich and the poor is getting very serious indeed.

In this Budget of the new-term Government, the surplus is handled in the usual manner. After offering some handouts, the Government considers its mission accomplished. The Government has apparently turned a blind eye to the situation, and takes each day as it comes. Hence, many valuable resources have been wasted. The social welfare services in Hong Kong have all along been lagging behind, while social workers have a hard time to cope with the work, the elderly and the disabled often have to wait eight to 10 years for residential care services. I am really mad at this situation. I solemnly ask the Government to face up to the problem of a serious wastage of resources and examine afresh its financial management principles in various policy areas, such as healthcare, housing, education and social welfare, so that long-term development plans with financial commitments can be made.

Furthermore, I am very angry because, as revealed from the Budget, the Secretary for Labour and Welfare, Mr Matthew CHEUNG, has failed to truly and responsibly report to the Government and the Financial Secretary the difficulties and problems faced by the social welfare sector as reflected to him. Therefore, the Budget has offered no targetted measures to relieve the dire straits of the sector.

The first issue is universal retirement protection. Over the years, non-governmental organizations, political parties and groups, as well as scholars have made various recommendations while the Central Policy Unit has conducted a number of research studies on this subject. The Legislative Council had also formed a special committee to follow up the issue, and the committee had made some conclusions and recommendations. In anticipation of a surge in elderly population in the future, the number of elderly people aged over 65 will rapidly increase to 2.16 million 20 years later, which will account for 30% of the population while the rate of support will increase from the existing rate of five working people supporting one senior citizen aged over 65 to a ratio of 2.5:1 in 2031. Given the serious problem concerning the retirement life of the elderly, it

will be too late even if we start making efforts right away. Yet, Matthew CHEUNG is still procrastinating. He has tried to muddle through under the pretense of the Old Age Living Allowance, and he has also included retirement protection under the terms of reference of the Commission on Poverty. Evidently, the Government considers universal retirement protection a problem concerning elderly poverty, and it is unwilling to make long-term considerations for all elderly people in Hong Kong. The Government should realize that the wrong decision it makes today will create heavy burdens tomorrow. The burdens will then be placed on the shoulders of our children and grandchildren.

Concerning the livelihood of people with low income and living in poverty, we can look at the findings of a survey conducted last month under the Economic and Wellbeing Project of the Shue Yan University. Among the 1 500 people interviewed by telephone, 70% of them felt the pain of life. As indicated by a misery index with four being the highest level, the misery index of the interviewees was 2.85. Even for households with a monthly income of $10,000 to $20,000, the misery index ranged from 2.9 to 2.93. An analysis of the survey data reveals that for people with a monthly income lower than the median income of all households in Hong Kong but higher than the general poverty line level, they have to face serious livelihood pressures as they get limited government benefits, the Government should thus pay more attention to this class of people who are under painful stress. In terms of age group, persons aged from 55 to 64 are most stressful because as they will soon retire, they worry if their future retirement life will be safeguarded. What specific measures does the Government have to help these underprivileged people? The welfare sector is very dissatisfied about the overall social welfare service development in our society. Even the Pilot Scheme on Community Care Service Voucher for the Elderly, a key project in this year's Policy Address and Budget, is obstinately implemented by the Government despite strong opposition of the sector. The reason is that the Government has once again marketized social services and shirked its responsibilities by tyrannical means. As such, I request to reduce the salaries of Matthew CHEUNG in order to express the social welfare sector's dissatisfaction with him.

The housing problems are amidst the top priority but the Government's distant water cannot put out a nearby fire. I really doubt if LEUNG Chun-ying has the determination to properly tackle the housing problems. As of the end of September 2012, there are more than 210 000 applicants on the Waiting List for

public rental housing (PRH), an increase of 10 800 applicants when compared with 199 600 applicants in late June, indicating a 5.4% increase within three months. Within one year, the number of applicants waiting for PRH has increased 45 100 from 165 300 in late September last year, representing a year-on-year surge of 27%. Evidently, the housing problems of the public are now extremely serious. Regarding the non-elderly one-person applications mainly submitted by young people, there were a total of 87 800 applicants in March 2012 under the Quota and Points System, which accounted for 46% of a total of 189 500 applicants on the Waiting List at that time, of which 65% (approximately 57 000 people) were aged 35 or below.

Another issue is about "sub-divided units". This year, the Business and Professionals Federation of Hong Kong commissioned the Department of Statistics and Actuarial Science of the University of Hong Kong to conduct an analysis of the data of the 2011 Census conducted by the Census and Statistics Department. After making reference to the information provided by the Society for Community Organization and by estate agents in Sham Shui Po and Yau Tsim Mong, it is projected that last year, there were over 80 000 households living in poor housing conditions in Hong Kong, involving more than 200 000 people. Among some 60 000 households, about 140 000 people are now living in "sub-divided units", accounting for 74% of the total number of households living in poor housing conditions. We have proposed the provision of rent allowances but the Government has eventually decided to use the Community Care Fund (CCF) to address this issue. I do not think this is an appropriate approach because according to a document submitted by the Social Welfare Department to the Finance Committee of the Legislative Council, as at January this year, among the CSSA households who live in private flats, the actual rent payments of over 20 000 households were higher than the maximum levels of rent allowance, accounting for 60% of the total number of households receiving rent allowance. As at January 2012, there were around 37 000 CSSA households living in private flats, and for 60% of these households, the actual monthly rent payments were higher than the maximum levels of rent allowance. The problem is acute and worsening and the Government must formulate policies to address this problem.

Speaking of the CCF, there are grave concerns about its expenditures and donations. In the years 2011-2012 and 2012-2013, the total expenditures of the CCF were approximately $268 million and $422 million. Within three years from 2010 to 2013, the donations received from the community were $300 million, $478 million and $410 million respectively. The objective of the

CCF to seek support from the business community has obviously failed, but the Government would rather provide funding to make up the shortfall so as to make use the CCF to implement the measure of "provision of social welfare through funds". I wish to reiterate that while the Budget injected $15 billion into the CCF to solve the poverty problem, it is irresponsible for the Government to shirk its responsibilities to the CCF. In fact, the CCF should not become a permanent establishment and it should only carry out some trial projects. The Government will have to formulate the relevant policies when the trial projects have been successful. Hong Kong does not need a "Financial Secretary of funds", and I oppose the Government to set up various funds by most of its surplus.

Deputy President, the Budget has degenerated to be an accounting journal of the Government. The Financial Secretary simply puts money from one pocket to another; he can arbitrarily spend the government revenues, without having to consider how social issues can be accurately addressed, for example, building more public housing and Home Ownership Scheme flats to tackle the problem of increasing "sub-divided units"; providing appropriate rent allowances or reintroducing rent control to tackle the rent hikes. In respect of other issues such as primary healthcare, especially the shortage of elderly health centres, the Government must make cost-effective long-term social investments and it cannot be so short-sighted. On the education front, there are issues such as small class teaching, 15-year free education and integrated education for the ethnic minority. In the area of social welfare, there are issues such as shortage of residential care homes for the elderly and the disabled, as well as the Lump Sum Grant subvention system which has plagued the social welfare sector for more than a decade and needs an overhaul. All these issues should be properly dealt with whilst the Government is financially affluent. Unfortunately, the LEUNG Chun-ying's Government, especially Financial Secretary John TSANG, has once again stalled in handling these issues.

Deputy President, there is nothing new in this year's Budget and it has just strengthened the existing deep-rooted blind spots in connection with the Government's fiscal management. The Government has given more weight to the tendency of "de-formulation of policies". I am very worried that the bad old practices of the Government would die hard, our society is on the verge of collapse and more people will live in destitution.

With these remarks, Deputy President, I do not support this Budget.

DR JOSEPH LEE (in Cantonese): Deputy President, I would like to concentrate on issues relating to healthcare services, hygiene, elderly care and housing.

Undoubtedly, an additional provision of about $2-odd billion has been earmarked in this year's Budget for healthcare services, but we are not pleasantly surprised by the increased provision because the increased amount is only used to implement and further promote the committed policies of the Government. But, for instance, will the dual-track healthcare system currently promoted by Secretary Dr KO Wing-man or advocated by LEUNG Chun-ying's Government be implemented as a result of the $2-odd billion extra provision made by the Financial Secretary? We are very skeptical about this. As far as we understand, the dual-track healthcare system as advocated by the Government is to be jointly promoted by the public and private sectors, in the hope of achieving a good standard of primary, secondary and tertiary healthcare services in both the public and private healthcare sectors in Hong Kong. That is an ideal.

But actually, the Government's allocation of about $2.7 billion to the Hospital Authority (HA) — that is, the public healthcare sector — has more disadvantages than advantages. Why is that so? Though the Government has allocated an additional $2.7 billion to the HA, does the HA have adequate manpower to provide the service? In fact, why do we say that the provision will have an adverse impact on the HA? It is because this will give rise to public expectation: Given that the HA has already been allocated with $2.7 billion, it should justifiably provide different kinds of services to improve the overall level of public healthcare services. Of course, as healthcare professionals, we very much welcome such provision, but the question is, even with the provision of $2.7 billion, there is inadequate manpower; what should be done then?

Over the past few years, the Association of Hong Kong Nursing Staff has been conducting surveys on the manpower resources of nurses. The latest survey had just been conducted in March, and the findings are expected to be released soon. The nurse-to-patient ratio remains at 1:12, which lags far behind the international standard of 1:10. On the other hand, the increased provision of $2.7 billion means the provision of additional services, as expected by the public. According to recent press reports, there is an increasing number of patients waiting for services in various districts, and different services are provided in different districts. Given the increased provision, the public will continue to demand quality services, and it will exert immense pressure on front-line staff

due to manpower shortage. I have no idea how much of this $2.7 billion will be used on the training and retention of manpower resources. Perhaps the Financial Secretary is unaware of the situation, but the Secretary will surely point out that a committee has already been established to work out the manpower requirement by a formula. But according to the HA, this formula has in fact existed since 1998, but it has never provided us with the details. Is this a formula for calculating workload or manpower? We do not intend to argue on this question, but from a financial perspective, given the Government's financial provision, people will naturally expect the HA to provide additional services and increase its manpower. But there is a gap in respect of manpower. Hence, I cannot see the possibility of any improvement in Hong Kong's public healthcare services as a whole, even with the provision of $2.7 billion. That is my first point.

Second, how can services be enhanced if there is uncertainty in respect of the supply of manpower? As such, all the workload will land on the shoulders of front-line staff who must bear even greater pressures. Separately, while the Government allocates $2.7 billion to the public healthcare sector, nothing has been mentioned about the private healthcare sector, and only a small sum is earmarked for the Department of Health (DH) to carry out inspections on private hospitals in order to improve service quality slightly. How then can the dual-track healthcare system be promoted in this way? I must say that the Budget has made "nil achievement" in this area, and furthermore, it has actually done nothing at all to complement the Policy Address, which is very disappointing indeed.

Moreover, in respect of manpower planning which I have in fact mentioned for two years in this Chamber, and as many as seven years in the old Chamber, it all comes down to the same problem. At present, no legislation is in place to regulate certain professions in the healthcare service sector such as dietitians, podiatrists, audiologists and prosthetist-orthotists. As a result, any person can claim to be a professional in those areas, causing many unwarranted incidents, as well as incurring severe losses to members of the general public requiring primary and secondary healthcare services. Although Secretary Dr KO Wing-man may be very busy right now making preparation to cull live chickens or the "restriction on the quantity of powdered formula", he will probably point out again that a committee has already been established to discuss the regulation on manpower resources, and a report is expected to be available in the third or fourth quarter. However, it will again incur expenditure, and I cannot see any

resource allocation or commitment made by the Financial Secretary in this regard. What can be done then? We are indeed very skeptical.

Hence, overall speaking, insofar as the dual-track healthcare system is concerned, the provision of $2.7 billion in this Budget is actually not even a drop in the bucket because it is of no help at all.

On mental health service, I have a different view. Of course, we welcome the new provision made under this Budget for the employment of case managers. But at present, each case manager in the district must on average look after 80 ex-mentally ill persons as a result of the Government's drive to promote community mental rehabilitation in the past decade. It is clear from both overseas and local experience that substantial resources are required to promote community mental rehabilitation. Can the workload be coped by merely employing several dozens case managers? We also hope that it can work out, but after the employment of several dozens case managers, how many mentally ill patients in the community can they look after? We hope that the situation can be improved to match the standard ratio, that is, one case manager takes care of 40 ex-mentally ill persons in the community. This is a more desirable situation. However, as far as we understand, after the employment of additional manpower, one case manager is still required to look after 60 ex-mentally ill persons. Is this ratio up to standard? Have adequate resources been made available? I invite the Financial Secretary to think about this point again. Without the provision of adequate resources, community mental rehabilitation is just disappointing empty talk. We hope that the authorities can commit on providing sufficient long-term resources in this regard so that mentally ill patients can rehabilitate in the community.

Just now, I mention certain roles of the DH. In fact, the DH is very important because apart from discharging regular duties such as supervising hospitals, monitoring port health and disposal of drugs, the DH has the most important role of enhancing primary healthcare. With better primary healthcare services (both in respect of health promotion and health education), people will stay healthy. Perhaps the Financial Secretary has also heard of "three plus two"? What is meant by "three plus two"? It means three servings of vegetables and two servings of fruit. In recent years, the DH has been promoting "three plus two" in primary and secondary schools incessantly, which is actually a health promotion initiative. Is money required for this initiative? Are resources

required for this initiative? Yes, it does, but no allocation has been earmarked in this Budget to provide nurses, doctors and other personnel of the DH with sufficient resources to do some actual work in health education and health promotion. In other words, people are worried that the dual-track healthcare system as advocated by the Government is only about the dual-track system of hospitals, and not the dual-track system of primary, secondary and tertiary services in the public healthcare sector. Under the circumstances, is it really possible to achieve this objective without complementary measures in the Budget, or the provision of financial and other resources?

An Honourable Member talked about dental health this morning. If you have watched television lately, you would know that there is an advertisement on the importance of dental health, saying that a person should take care of their dental health as a gesture of filial piety. In fact, I have just met a group of elders who relayed to me the same dental health problem mentioned by the Honourable colleague this morning. Because of advanced age and slow metabolism, it is normal for elders to have dental health problems which prevent them from eating properly. But we should note that the existing dental services are highly inadequate. For elders waiting for dental appointments, they must first face the problem of limited quotas, and even when they get an appointment, the best the dentist can do is pain relief or tooth extraction, and it is impossible to do any check-up or dentures. The Financial Secretary may say that the amount of healthcare vouchers has already been increased to $1,000. But I want to ask the Financial Secretary if he knows how many dentures can be covered by $1,000? This sum of $1,000 is supposed to cover medical consultations, health promotion, dentures, scaling and polishing, and so on. How should the elders spend the money? Of course, individual elders must think for themselves. If they do not spend the money on dentures, what would be the consequence of ingesting food in such a way? It may ultimately lead to the degeneration of the entire gastrointestinal tract and poor health, which causes another cycle. Hence, I hope the Financial Secretary can consider allocating resources to the existing public sector dental care so that elders can enjoy dedicated services without the need to share with others. If providing comprehensive dental services to elders is too "luxurious", the Government should at least provide simple dental check-ups for the elders, or even the fitting of dentures after extraction. If the Financial Secretary finds this suggestion undesirable, he can consider allocating resources under the approach of "money follows the user" by first calculating the estimated expenditure on dental services for individual elders, and then giving them the said

sum of money, so that they can use it to obtain services in the private healthcare sector on an accountable basis. We had previously suggested this idea and pointed out that it could benefit the elders. Of course, the Financial Secretary will say that as the Secretary has already told us, the Government has already launched dental services in elderly homes. But, Financial Secretary, the majority of elders are living in their own homes in the community rather than in elderly homes. Hence, given the importance of dental health, I hope the Financial Secretary can allocate some resources to take care of elders in the community when considering the allocation of provisions again for they really have a need for dental services. In respect of healthcare services, I hope the Financial Secretary will consider the above points.

In respect of housing, work has actually been done by the Government, for example, the provision of new sites, and so on. In respect of housing, Secretary Prof Anthony CHEUNG would surely say that rent waiver and other relevant measures have already been implemented, and we of course welcome these measures. In the Budget, $94.5 million has been earmarked for carrying out enforcement work in housing estates, stepping up inspections and maintenance, and so on, and we also welcome these initiatives. However, regarding the overall housing problem, an Honourable colleague has just mentioned the problem of the middle class and queried whether the Government has ever considered how they can be taken care of. At present, the inflation rate is actually quite high, but what about salary? I learn that salary will only increase by about 4.5% or 4.2% this year, and can this increase rate catch up with the inflation rate? Generally speaking, for the middle class in Hong Kong, such as nurses, doctors and friends in other grades, the total monthly salary of a couple is about $50,000 to $70,000. The Government may say that those people are not the middle class; the Government may also say that under the housing policy, the Government will provide subsidies to people with a monthly salary below $40,000 for home purchase, but for those with a monthly salary over $40,000, the Government will ignore them. But we should not forget that this group of people is the majority in Hong Kong, and they have paid large amounts of tax. If our housing policy does not take care of them …… Actually, how can we help them? How can we alleviate their heavy burden in respect of properties? The middle class are actually people with a monthly salary over $40,000 or below $100,000; they have to repay mortgages and raise children, and there are other expenditures as well. Actually, has it ever occurred to the Government that these people have paid large amounts of tax? In handling education or

healthcare problems, the Government should also bear in mind that the middle class have paid large amounts of taxes. How can we help them? How can the Government help them? It seems that nothing in this regard has been mentioned in this Budget. According to the findings of a study published by the Hong Kong Research Association the day before yesterday, 45% of the middle-class people interviewed considered that they received the least benefits in this Budget. Financial Secretary, will you reflect on what you can do in this regard?

Previously, we had a suggestion, which we had also relayed to the Government. In our view, even if the Government is reluctant to help the middle class in acquiring properties, and does not want to help the middle-class people who are flat owners, can it at least provide assistance to those middle-class people in rental accommodation? However, LEUNG Chun-ying's Government has expressly refused to implement rent control by saying that rent control is out of the question because it may create many different problems. The Government just has no intention of implementing rent control. Financial Secretary, I recall that the Liberal Party once proposed the idea of providing tax deduction for rental expenditure. Have you ever considered the idea of tax deduction for rental expenditure so as to bring real benefits for the middle-class people now living in rental accommodation? Perhaps it has no direct relationship with housing policy, but it is not a cash handout; instead, it can directly benefit the middle class in society. Bearing a heavy tax burden, the middle class have helped people in different classes, yet they are the ones who receive relatively less benefits. Taking the opportunity of this budget debate, I hope to urge the Financial Secretary to consider the several suggestions I just made and provide the middle class with some assistance.

In respect of elderly care, it is a very complicated question. Elderly care is not only about elders living comfortably in elderly homes. Actually, borrowing the words of Secretary Matthew CHEUNG, elderly care is about ageing in place as the core, and institutional care as back-up; the importance of ageing in place is that our elders can live comfortably at home or in the neighbourhood. However, this Budget has only allocated a small amount of money for buying places in order to reduce the waiting time. We should not forget that the majority of elders are living in their own homes. For example, if we look at the elderly health centres (EHCs), their membership quotas have never been increased, that is, the membership quotas for these facilities within the ambit of the Social Welfare Department have never been increased. By our

conservative estimation, 12 525 elders in the territory are now waiting to join EHCs. What do elders do in EHCs? We often say that they go to EHCs in day time as if they are going to schools. They can play games and talk with other elders, check blood pressure, have meals or attend health talks in EHCs, and then go home. The EHCs can provide excellent social and health activities for elders. But if no additional resources are provided such that the elders must wait a long time to join membership, what should they do? Financial Secretary, can you think about what should be done? Perhaps Secretary Matthew CHEUNG would say that it is not the case and people should not worry. In parallel with the promotion of ageing in place, additional manpower would be provided as provision has been allocated to train 1 200 registered nurses so that they can work in elderly homes in the community within the next five years. Financial Secretary, it basically takes two years to train registered nurses; in other words, these registered nurses will only enter the market in 2016, and there are only 200 every year; what will happen after that? Can the existing problems be solved? No, it cannot. These figures can only make us feel slightly assured about the future, knowing that such services will be available in the future. However, for this Budget, we do not merely hope to know what services will be provided in the future. Noting the present situation of elders, we really want to know what we can do to help them.

Let us turn to another question which is related to elders in the community. Of course, this Budget has proposed an excellent initiative which we fully support, namely, the community care service (CSS) vouchers. At present, every person will be issued with about 1 200 CSS vouchers at the maximum, and every person will have a subsidy of about $5,000 to purchase services. This is a good initiative. We hope that this measure will have funding continuously so that elders ageing in place will not only obtain services such as meal delivery and cleansing, but also escorting services for medical consultations as well as other health assessment and health promotion services. In this way, they can feel at ease to age in place.

Lastly, I also want to talk about the Pilot Scheme on Visiting Pharmacist Services for Residential Care Homes for the Elderly which will expire soon. Under the scheme, a group of pharmacists have made 8 000 visits to different elderly homes, more or less on a voluntary basis, to undertake a lot of work on drug management and prevention of dispensing errors. Now that the Scheme will soon expire, I hope the Financial Secretary and the Social Welfare

Department can study whether the Scheme should be extended so as to provide elderly homes in the community, especially private elderly homes with a lower service standard or public elderly homes, with certain guarantee in respect of drug benefits. I hope the Financial Secretary can consider all the above suggestions in order to ensure a fair and useful distribution of wealth under the Budget. Thank you.

DR FERNANDO CHEUNG (in Cantonese): Deputy President, the deepest impression given by the Budget this year is the Financial Secretary's claim to be a member of the middle class, which has caused a stir in the whole city. I believe this is the only part which will be remembered in history. Why did the Financial Secretary's remark arouse so many opinions and responses? In fact, there is strong anger among such reactions. After all, I think the reason is that the Financial Secretary and the Special Administrative Region Government are out of touch with reality.

The Financial Secretary does not only live in an official residence of over 10 000 sq ft, he also enjoys a monthly salary which is as high as $370,000. Yet he called himself a member of the middle class. Does the Financial Secretary know that the median monthly income of wage earners in Hong Kong is only $12,000, while the median household income of a four-member household is only $29,000? His one-month income is already more than 10 times the income of a four-member household, but he described himself as middle class. We all feel angry because he claimed to be middle-class. Then what class are the general public in Hong Kong? I wonder if he has any idea.

The Budget should utilize public resources to basically take care of various needs in society, with a view to raising people's quality of life as far as possible. Hong Kong is a metropolitan city in the 21st century. If everyone in the middle class has an income like the Financial Secretary's, of course it will be awesome, but that is not the case. As shown by the fact, he and the general public live in two different worlds. He is high up in the sky, whereas the public are down on the earth — I hope we are not in hell. Today, many people are really living in dire straits, but he sees nothing and does not have the slightest feeling. Why is the situation so serious? Later, the Financial Secretary clarified that his so-called "middle class" does not refer to income. Instead, it refers to lifestyle, such as being keen on coffee and French movies.

Recently, there is a French movie called "Amour" — maybe it should be called a movie in the French language. This movie has been released for some time, and it seems it is still showing in the cinema now. The story in the movie is very simple, but it is able to tug at people's heartstrings because of its sense of reality. The movie depicts an old middle-class French couple. Both of them are piano teachers who have trained many outstanding pianists, but the wife has a stroke in her old age. Later, her condition deteriorates to such a state that she suffers from dementia. Since the wife does not want to live in an elderly home and wishes to live with dignity in the remaining few years of her life, her husband looks after her by himself. Eventually, both physically and mentally exhausted, her husband cannot manage anymore and kills his wife in the end. This is undoubtedly a tragedy. The movie actually depicts the real situation in the director's home.

The situation in Hong Kong is in fact 1 000 or even 10 000 times worse than what is depicted in the movie. What is the present condition of the elderly with long-term care needs? What is the number of elderly people who require residential care? Earlier, the total number was 28 000. I believe the present number has exceeded 30 000 because this figure of 20 000-odd has already been mentioned by us for quite some time. There are tens of thousands of people waiting for residential care places every year, but the increase in the number of places is only a few hundred. The Government is now inclined to put forward the figures in a macro way, for example, presenting the number of places for five years. However, if we do a simple calculation, we will find out that the annual increase is only some 600. The number of places is only increased by 600-odd each year, but there are more than 30 000 elderly people waiting. As such, what should they do? Such a drop in the bucket which falls far short of the need is outrageous. The number of elderly people who passed away while waiting for residential care places is as many as 5 000-odd each year.

Let me talk about private residential care homes for the elderly (RCHEs). Right, places are available in private RCHEs. There is no need to refer to foreign movies. Just talk about the local movie "A Simple Life", and we will get a rough picture about local RCHEs. I can tell you that the private RCHE in the movie is one whose quality is relatively good. Have you ever imagined yourself living in such a place? I do not know if the officials here are interested to make a brief stay in a similar private RCHE, but I do not believe they will be able to stand it for a week, and they may kill themselves anytime because they cannot

sleep at night. The partitioned cubicles in the movie, with a low floor height, can be seen clearly at a glance. There is no privacy at all. In the opposite bed there may be a resident suffering from dementia. This resident does not sleep at night and will only groan in pain. Besides, as there is shortage of manpower in the RCHE, residents can be described as having no one to call for help.

How many elderly people have to live in a similar environment in Hong Kong? Incidents where elderly people fall down or even get a stroke are by no means surprising. After they are admitted to hospital, they will be "kicked out" even if they have not yet recovered, because the provision of hospital beds is tight. If their families cannot look after them after they are discharged, what should they do? If their families are financially well-off and there is sufficient space at home, they can hire a foreign domestic helper to look after them. Nevertheless, is hiring a foreign domestic helper the only way to meet their care needs? Can the problem be readily settled in such a way? Of course not, since patients need to receive treatment as well as participate in a lot of rehabilitation activities.

It is said that the elderly can wait for places in day care centres in the community, but the truth is that the waiting time is usually more than a year. An elderly person who has suffered a stroke needs to take part in rehabilitation activities, but he has to wait for a year. It is really not worth mentioning. It is also said that some organizations provide home care services such as helping elderly people who suffer from a stroke to bathe at home, but sorry, many elderly people do not even have the chance to be put on the waiting list, and being on the waiting list actually means waiting for years. A number of district organizations have told me that they do not even accept applications for waiting now.

Another organization has advised that if the patients are in urgent need, it will still serve them, but the relevant services will be stretched. For example, the frequency of meal delivery will be reduced from originally twice a day to once a day because there is really not enough manpower. Do the officials know about all these problems? Have they visited the districts to look into the present situation?

Apart from the above circumstances, presently there is even insufficient manpower for medical appointment escorting service. Do you know the current charges for medical appointment escorting service? Also, do you know how

much time it will take to escort an elderly person to a public hospital to attend a follow-up consultation? The answer is four to five hours, and it will take another two hours to wait for the medicines. Actually what quality of life Hong Kong people have nowadays? The Financial Secretary called himself a member of the middle class. What class are we then? I really wonder if the Government understands the present situation in Hong Kong.

The wealth gap problem in Hong Kong has persisted for years. The figures derived by international organizations, the United Nations and the Census and Statistics Department (C&SD) have shown that Hong Kong's poverty problem ranks first among the advanced regions in the world. Concerning the issues of poverty and the elderly, the Hong Kong Council of Social Service (HKCSS) has based its figures on the C&SD's data over the years. According to the HKCSS, one third of the elderly are in poverty. In the light of this, what measures has the Government introduced? This year, the biggest measure is the Old Age Living Allowance (OALA), and the expenditure incurred by this allowance accounts for a large proportion of the increase in recurrent expenditure. As a matter of fact, the recurrent expenditure has increased 10% this year, which is indeed something rare for this stingy Government. Nonetheless, where will this 10% increase be spent? The OALA is neither fish nor fowl. Can it be called a poverty alleviation measure? Is $2,200 sufficient to cope with the daily expenses? Definitely not. Can recipients of the OALA apply for other allowances? No. In other words, they cannot receive "fruit grant", disability allowance and Comprehensive Social Security Assistance (CSSA) at the same time because the above four allowances cannot co-exist with one another. With only $2,200, how can the recipients cope with the daily expenses? Of course the amount is not sufficient. Some people say that the OALA mainly aims at showing respect for the elderly, but the Administration does not think so, since a means test has been put in place. In that case, what is the nature of the OALA?

Why did the Administration not conduct any proper study on a universal system of providing care for the elderly? Why can it not be done? The Administration is still stalling. How much longer is it going to stall? Speaking solely on the subject of the elderly — I wonder if 15 minutes will be enough to cover all the issues — basic healthcare, nursing services as well as daytime community and institutional care services have all failed in terms of quantity, let alone quality. The quantity will remain insufficient even after a long period of time.

For people with disabilities, what new initiatives does the Budget have? All those initiatives are like a dragonfly skimming the water surface. The number of places in residential care homes for persons with disabilities is only increased by some 200 each year, but there are thousands of people on the waiting list. Very often, the waiting time for residential care places for persons with disabilities, being even longer than that for RCHE places, is more than 10 years. How can persons with disabilities possibly wait for such places? There is no way they can wait, so they can only go to private residential care homes for persons with disabilities. Yet the environment in such residential care homes is even worse than that in private RCHEs. Otherwise the Government would not have introduced legislation to regulate them.

In fact, how many persons with disabilities are now struggling for survival on the edge of death? Last week we talked to reporters about a group of people with disabilities facing the choice between life and death, they are patients with muscular dystrophy and those with severe medical problems. Their bodily functions will weaken to such an extent that they cannot breathe on their own. For this reason, they have to decide whether or not to undergo "tracheostomy", that means having an operation to create an opening on the neck for connection to a breathing machine. Some patients already have swallowing difficulty. Thus they have to decide whether or not to insert a "stomach tube", and they also need to connect to a suction machine. Otherwise, when they are unable to swallow saliva or phlegm, they may choke to death.

Deputy President, the above persons with disabilities need life support equipment to sustain their lives. The choice they have to make is a difficult one. Should they receive the relevant operation? If they do, they may end up in a semi-vegetative state, but another possibility is that after the operation, they will be able to stay with their families for some more time and witness their sons graduate from universities or their daughters get married. Besides, they may have wishes which are not yet fulfilled, and their families are not ready to see them leave.

However, in making such a choice, they have to consider one point, that is, the rent for the life support equipment reaches several thousand dollars, coupled with the expenses on medical consumables and charges for round-the-clock care service. For a four-member family whose median household income is only $29,000, very often the expenses on looking after the disabled family member

already take up half of the household expenditure. What about the other family members then? How are they going to make a living? They cannot live on the CSSA, and they do not wish to do so either. The family members suffering from disabilities do not wish to part from their families. They would rather receive the operation and live with their families. However, the existing CSSA scheme which operates on a household basis fails to give them any assistance. They cannot apply for public housing. Nor can they receive CSSA, they do not wish to apply for it either. They merely hope that the Administration can help them to sustain their lives.

Deputy President, we have put forward our request for more than a decade, but the Government still turns a deaf ear. The Government pays no attention to those families, patients and persons with disabilities who are in urgent and desperate need. Earlier, we urged the Government to take action, but the Government did not do so. Instead, it shifted the responsibility to different funds. After such funds had tried in vain, it shifted the responsibility to the Commission on Poverty, and after the Commission on Poverty had tried in vain, there came the Community Care Fund. Finally, what action did the Community Care Fund take? It provides persons with severe disabilities with a special care subsidy subject to a means test, and the amount is $2,000. The question raised by us is very clear, and the solution is quite specific, but the initiative introduced by the Government is neither fish nor fowl. It cannot give the right remedy to cure the problem, and it is not sufficient either. In fact, it is unable to address the relevant needs.

(THE PRESIDENT resumed the Chair)

As for residential respite service for children with disabilities, the relevant loopholes had been identified in the previous term of the Council, but the Education Bureau, the Social Welfare Department and the Labour and Welfare Bureau did not do anything to tackle them. Instead, they shirked the problem to the Lotteries Fund, which launched a temporary and barely suitable service. What happened in the end? Now the service has already stopped because the funding has been used up.

I have no idea what work the Financial Secretary is actually doing. There are a number of Policy Bureaux under the Government, and the community has different needs, but his Budget has been more or less the same for six years. Only the numbers and years have been changed. The actual content is no different from that of the Budget last year and the year before last. Why did he not seriously study the needs in Hong Kong society? He cannot address the needs of the elderly, the vulnerable and the disabled, and he cannot satisfy the other basic needs either. As such, why does society still need his Budget? Hence, we will not support this Budget.

DR LAU WONG-FAT (in Cantonese): President, in the world of martial arts, there is a saying that "an intangible stroke is better than a tangible one", which is of course the highest state in which the master has integrated the strengths of various schools of martial arts. In an overview of the Budget this year, while it can be said that there are a great number of measures, they give people an elusive impression. I believe the major reason is that there is no bright spot in the Budget. Firstly, there is no handout measure as in the case of last year which had aroused great response; secondly, there is no innovative concession as in the financial budget of Singapore to encourage employers to increase salary. However, considering from the perspective of managing public finance prudently, I think the Budget of Financial Secretary John TSANG can be considered prudent. Although you may criticize the Financial Secretary for maintaining stability without making any changes or having any new ideas, you cannot query his principle of public finance management by keeping the expenditure within the limits of revenues and according security as the top priority.

The Budget without bright spots has been announced for more than one and a half months, although it cannot be said that the Budget has left no mark in the heart of the general public, it is not easy for them to recount the specific measures contained therein. Yet, the comments shared by Financial Secretary John TSANG with the media on the definition of the middle class have left a memorable impression. Financial Secretary John TSANG said that people who drank coffee and watched French movies were the middle class. In other words, he defines social strata by the taste or preference of the public. This statement has indeed aroused heated discussions and called for further thoughts.

My first reaction is that I am anxious; I worry about how the Government views public hardships, as reflected by the words of Financial Secretary John TSANG. The more pressing issue is, will this mindset affect the formulation of the poverty line which is now in progress? For example, in setting the poverty line, will the Commission on Poverty, apart from examining median household income, quality of life, and so on, also consider the needs of those people with relatively meager income but drink coffee and watch French movies? If such a factor is ignored, will it be sarcastic if in future, there is a category of middle-class people living below the poverty line?

The statement of the Financial Secretary has an awakening effect. It turns out that the scope of the middle class can be so wide that people with income ranging from several tens of thousand dollars to several hundreds of thousand dollars are all classified as the middle class, which is too far-fetched and rough. The Master said: What is necessary is to rectify names.[1] Since Hong Kong people have some experience in drawing sacred oracle lots, why do we not classify the middle class into the upper, average and lower middle class by income, further broken down by the highest and lowest income earners into "super upper middle class" and "the lowest lower middle class". I think such a classification is more convincing, and helps the people concerned receive a fairer and more reasonable treatment.

In fact, my saying is not groundless. Seeing that people classified as the middle class by the Government have been leading a more difficult life in recent years, I have aired grievances for them in this Chamber many times, urging the Government to pay heed to their plight and offer help. In my view, the middle-class people who are most in need of help are those with a household income of several tens of thousand dollars. They are not eligible for public rental housing (PRH), and after deducting mortgage payment or rents, children's education expenses, medical and daily expenses, they hardly have any money left. I know quite a number of such family which live under immense pressure, their remaining disposable income is even less than that of the PRH households. If we insist on calling them the middle class, they are in fact "the lowest lower middle class" or the "poor middle class". Given the current exorbitant private property prices and rents, they have great difficulties in meeting the expenses on housing. I think the Government should at least significantly increase the tax

[1] <http://ctext.org/pre-qin-and-han>

allowance for home loan interest and introduce tax allowance for rent. Besides, the authorities can consider setting another relative poverty line for the middle class, so as to have a full picture on the hardships and grievances of the lower middle class, thereby formulating practical and fair policies to promote the harmony and stability of the whole society.

The new-term SAR Government has, in the light of the problems of shortage of housing supply and soaring property prices, set the increase of land supply as the priority. Financial Secretary John TSANG announced in the Budget that $4.5 billion will be allocated to progressively roll out the land development projects relating to reclamation outside Victoria Harbour on an appropriate scale, opening up of new development areas and the development of caverns, as well as carrying out studies and design work. The Government has learnt a lesson from the painful experience of the past and apply the right remedies, which are worth supporting. Nevertheless, the Government must draw on the lesson of the North East New Territories New Development Areas and national education by giving due regard to the current political ecology, and ensuring that the work is properly carried out with regard to procedures, methods and consultation, so as to avoid repeating the same mistake. Haste brings no success.

It must be pointed out that Hong Kong is small but densely populated, the success or failure of housing policy hinges on land supply. It takes a long time to increase land supply, and recently both the Government and the general public have suffered from a lack of land. Hence, the leader of the SAR Government should not be complacent for relieving temporarily the land supply problem. He should have a wider vision and draw up a cross-generational land supply blueprint, so that Hong Kong can have adequate land for housing development for the benefit of our future generations.

President, the estimated revenue in the Budget is again highly inaccurate, the surplus for the financial year 2012-2013 is more than $60 billion, far exceeding the original estimated level. Regarding the Government's significant under-estimation of surplus for years in a row, I have repeatedly expressed my dissatisfaction in the budget debate for many years in the past. If significant under-estimation of surplus becomes a "crying wolf" scenario year after year, the solemnity of the Budget and the rationality of the measures concerned will no doubt be highly affected. However, it seems that the authorities have got used to

making wrong estimates and used all kinds of pretext to account for the inaccuracy. I do not intend to repeat my views in detail. For the one-off relief measures introduced by the Financial Secretary almost every year, including waiving rates, providing electricity subsidy, providing an extra allowance for recipients of Comprehensive Social Security Assistance, paying rents for public housing tenants for several months, I think these measures are questionable.

The so-called giveaway measures have obviously become a practice of the Government, claiming that these measures can relieve people's hardships in times of economic recession, and share the fruits of prosperity with the public in times of economic boom. The Government will surely "hand out candies", it has to do so and dare not act otherwise as these giveaway measures have become a standard practice and naturally the public have such expectation. Nevertheless, does the Government intend to give handouts indefinitely, turning them into an indispensable part of basic public welfare, or will the Government introduce new measures as an alternative with a new mindset and commitment? I hope the SAR Government, which claims to seek change and maintain stability, can give us an answer in due course.

President, I also note both the Chief Executive and the Financial Secretary have, in their Policy Address and the Budget respectively, used the "Under the Lion Rock" spirit in the past, which stressed on hardworking and vigorous effort, to encourage Hong Kong people today, in particular the young generation. The Chief Executive and the Financial Secretary are earnest and well-intended in their advice, which should be appreciated and sympathized. It is true that many young people today find their future bleak, and have great dissatisfaction over the society, and the days when there were ample golden opportunities for Hong Kong to achieve speedy economic growth were gone. Nowadays, even if people still have the "Under the Lion Rock" spirit, they may feel helpless and desperate for not having the opportunities to display their prowess. The Government should have a good understanding of the situation clearly, and try by all means to promote economic development and create more quality employment opportunities, so that young people will regain their confidence and rekindle their hope.

President, I so submit.

MR JAMES TIEN (in Cantonese): President, several other Members of the Liberal Party will express our views on other specific policies in the Budget later. Now, I would like to talk about the Government's fiscal management approach from a macro perspective. Of course, the SAR Government is rather unique in the sense that unlike other places or countries, Hong Kong is a major city and a special administrative region that incurs no expenditure in national defence and foreign affairs. Hence, the SAR Government only needs to handle the affairs of Hong Kong, which involve levying tax on persons with the financial means, remunerating civil servants, as well as taking care of society with the remaining portion of public revenue.

From the perspective of taking care of society, we consider that it involves both long-term and short-term needs, as well as hardware and software requirements. Nowadays, governments all over the world are eying the SAR Government with envy — I will stop short of using the word "jealousy" — because we have money. To put it bluntly, in the modern world, a society with money can get things done, and without money, nothing can be done. For countries like Greece, Italy and Spain, they are now exactly in a position where nothing can be done because the government has no money to finance infrastructural development or take care of the grassroots in society. But our position is exactly the opposite. The Government's prudent fiscal management over the years has resulted in our success today. Of course, the Financial Secretary can say that given such success, the Government should maintain the same practice. But as we are saving up so much for the rainy day, the public coffers are overflowing with money, and many people including me would think otherwise because the Government has seemingly become stingy. The Basic Law only requires the SAR Government to keep expenditure within the limits of revenues, it does not stipulate that the Government should just collect revenues without making expenditures.

Are the present statistics a reflection that the Government is collecting revenues without making expenditures, or collecting revenues and making little expenditures? In fact, I also have the same statistics cited by Mr SIN Chung-kai this morning. Over the past five years, the Financial Secretary predicted a total deficit of $84.5 billion in the budgets, but at the end of the day, there was a surplus over $240 billion in total. The budget drawn up by the Government every year is made up of revenues and expenditures. But should the Government make a conservative estimate each year to be regarded as

remarkable? But is it an achievement for the Government to always stay on the conservative side? Does it have to rigidly follow the philosophy of prudent fiscal management all the time? The business sector may have a different view. If a consortium employs such a financial executive officer to control its finances, I think he cannot stay for long because from the company's point of view, he has not optimized the resources. As the SAR Government has put so much money into its pocket — I am not referring to graft as in the case of some overseas governments — if no money is spent, infrastructural investment in society will be stalled, for example, in the cases of West Kowloon and Kai Tak. Moreover, over the years, the grassroots and the middle class cannot actually share the fruits of economic development, resulting in widespread discontent, with the consortia in the business sector bearing the brunt.

President, let me cite some more specific data. At the time of Hong Kong's reunification in 1997, our fiscal reserves including the Land Fund amounted to over $600 billion, and the Exchange Fund stood at about $570 billion. Today, our Exchange Fund has already amounted to $2,895.8 billion, or a four-fold increase. Today, our fiscal reserves amount to $744.8 billion, which is of course the result of sound investments made by the Financial Secretaries over the years, as well as the Hong Kong Monetary Authority. Yet, some people will be green with envy over the money; for instance, Dr Fernando CHEUNG has made many demands just now.

I grew up in Hong Kong. Looking back to the 1960s, the Government had no money, the business sector had no money and wage earners had no money; hence, no demands were made then. But today, our society is successful with great achievement, the Government is rich and so are the consortia, how come the livelihood of so many disadvantaged groups has yet to improve? Under the circumstances, it is reasonable to make those demands, and the pan-democrats also have good reason to believe that the election of the Chief Executive by one-person-one-vote will bring justice and fairness to society so that the livelihood of disadvantaged groups may improve. Yet, this is not the reality, and many examples can be found in overseas countries where the government is formed by one-person-one-vote election. The new government formed after each election must invariably spend some money, and even the powerful United States Government is no exception, with OBAMA resorted to printing money after his election.

This situation is certainly unsatisfactory. Among the stakeholders, we may belong to the group who pays relatively more tax. If the SAR Government is capable, the Liberal Party hopes that it can make good use of our tax payment and look after the disadvantaged groups. Hence, President, in these few years, the Liberal Party has strived to support the demands made by the pan-democrats or the political parties and groupings in the pro-establishment camp representing the grassroots. Of course, to be more specific, we do not support "indiscriminate cash handout" by the Government; we believe that the safety net should be widened as much as possible so that a greater number of grass-roots people in different strata can be benefited. We want to see harmony in society. Harmony in society does not only bring benefits to the Government and improve labour relationship, but also ensures stability and continuous prosperity of society as a whole. Hence, we definitely want the Government to do even better in this regard.

Whenever this subject is discussed, the word "poverty" comes up invariably. I quite agree with the analysis made by Mrs Regina IP in her speech this morning. We must really distinguish between the line of relative poverty and the line of absolute poverty. It is correct to set a line of absolute poverty so that we can take care of those in need. However, we also notice that many people are not concerned about the line of absolute poverty. When society was generally poor in the 1960s, people had fewer grievances, but when a large number of people become well-off as our society is more mature now, they have more grievances in particular. This is a problem caused by the line of relative poverty. Nonetheless, we cannot disregard the line of relative poverty.

According the population census conducted by the Government, the median monthly income of the highest income group has increased by 22.2% in the past 10-odd years from $45,000 in 2001 to $55,000 in 2011, but over the same period, the median monthly income of the lowest income group has just slightly increased by 2.3% from $3,500 a decade ago to $3,600-odd this year. Hence, it is reasonable for the grassroots to voice their discontent in the face of the poverty problem. We consider that the Government should do better in respect of safety nets and take care of those people whose median monthly income is within the lowest income group as I just mentioned.

Next, I will talk about the problems faced by the middle class. Nowadays, the cost of living is really expensive in Hong Kong, housing, transportation, food,

or even the tuition fees of middle-class children are expensive. The definition of the middle class has aroused wide discussion and I have also read some articles about it. I agree with the definition of the middle class. I have been living in Hong Kong for a long time. The middle class in those days or the so-called old-school middle class are those who are about the same age as mine, they have been engaged in business such as Hong Kong style tea cafes, small and medium enterprises (SMEs) or import/export trade. They have accumulated some wealth and attained a certain educational level, and they also have their own lifestyle. Regarding the novel middle class of today, they are most likely university graduates who work as professionals such as accountants, lawyers and doctors, and their lifestyle is different from the old-school middle class. Therefore, when it comes to taking care of the middle class, the Government should take care of both the novel middle class and the old-school middle class. Let me illustrate with examples in the Budget. This year, the ceiling of the waiver of rates has been reduced from $2,500 last year to $1,500 without any reason, and the ceiling of salaries tax reduction has also been reduced from $12,000 to $10,000. Although it only involves a small sum of money, it gives people the feeling of neglecting the middle class.

Of course, the Government may say that the child allowance has been increased from $63,000 to $70,000, and the deduction ceiling for self-education expenses from $60,000 to $80,000, which are more or less some relief. Before property prices go down further, many middle-class people who have yet to attain home ownership are still paying rents for accommodation. We have suggested to the Government that tax deduction for rental expenditure should be provided to these middle-class people. Regrettably, the Government has only listened to our suggestion without putting it into implementation. I believe that we will continue to have substantial fiscal reserves in the 2013-2014 financial year.

Talking about SMEs, statistics show that more than 90% of the companies in Hong Kong are SMEs, and many of them are mini companies with only a few employees. As indicated by the Government's statistics, they have employed $1.2 million employees in total. I would like to give the Financial Secretary another figure, that is, of those 90 000-odd companies, about 1 400 are large companies (about 70%) paying over $60 billion in tax, while only $30 billion of tax is paid by all SMEs. In other words, the majority of SMEs are operating under a difficult environment. In that case, can the Government provide assistance to those SMEs with little profits through various means such as

lowering the tax rate? As for those 1 400-odd large companies and consortia — President, I need to declare my interest because I may also belong to one of those companies — I think they would, as members of our society, also like to see a more harmonious Hong Kong; but if the Government does not utilize the tax they paid, there is nothing they can do about it. Members sitting on my left hand side should not put all the blame on the business sector and criticize us for being unscrupulous employers, transferring benefits, colluding with the Government, and so on.

President, nowadays, in any modern society in the world, four industries are the most profitable: First, the technology industry, that is, Facebook, iPhone, and so on; second, the financial industry; third, the real estate industry; and fourth, the energy industry. It is very difficult for most SMEs and most members of the public to enter these industries and make profits, only large corporations with a certain amount of capital can do so. In this connection, if we want to attain harmony in society, I think the Government must take better care of the middle class, SMEs and the grassroots.

Lastly, I would like to say that as a Member of the Legislative Council, I am concerned about the injection of funds, a practice that has been more frequently employed by the Government recently. I wonder if it will create the impression that the Government wants to bypass the Legislative Council. Such examples include the injection of $5 billion into the Environment and Conservation Fund, the injection of $15 billion into the Community Care Fund, and the injection of $15 billion into the Employees Retraining Board. In fact, these funds and organizations can apply to the Legislative Council for funding, but once money is injected into these funds, the organizations concerned have the autonomy to use the interest earned each year without having to seek the approval of the Legislative Council. I consider it a matter worthy of attention. Thank you, President.

MR POON SIU-PING (in Cantonese): President, after Mr LEUNG Chun-ying, who proposed the idea of "appropriately proactive" and "seeking change while maintaining stability", assumed office as the Chief Executive, people expect that the Financial Secretary will, under the leadership of the new Chief Executive, come up with a refreshing Budget, or the Budget will at least propose certain measures to seek change while maintaining stability, so as to relieve people's

hardship. However, after the announcement of the Budget, society is generally of the view that the Financial Secretary has still formulated this Budget by following the previous fiscal principle of preserving wealth as the objective, without any measures seeking change. It is therefore hardly surprising that according to the opinion survey conducted by the Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong, only 17.3% of the people were satisfied with the Budget while as many as 33.5% of the people were dissatisfied with the Budget, and the popularity rating of the Financial Secretary had also dropped significantly by 3.5%.

The Financial Secretary stressed in the introduction of the Budget that he would continue to do his level best to nurture and grow our economy, to keep Hong Kong a land of opportunities, a place that values fair and just opportunities while caring for the less privileged: a place we truly call home. But, it is evident that promoting economic development alone cannot allow Hong Kong people to live and work in contentment. Over the past two decades, Hong Kong's economy has been growing by about 4% annually, yet the goal of living and working in contentment has become increasing elusive to the people, let alone creating a place that values fair and just opportunities.

Mr John TSANG has already taken up the important position of the Financial Secretary for six years. In those six years, the wealth gap in Hong Kong has been widening: the Gini Coefficient, which is calculated on the basis of income, was 0.537 in 2011, up by 0.004 from 2006. If considered against the increase in property prices, the Centa-City Index, an indicator of property price changes, was 123.01 last month, an increase by almost 70% from 2007 when Mr John TSANG first became the Financial Secretary. In paragraph 7 of the Budget, the Financial Secretary stated that the package of measures he introduced in last year's budget to stimulate the economy could help preserve employment, and the unemployment rate in 2012 was only 3.4%, meaning that the labour market was still in a state of full employment. But under the façade of full employment, the livelihood of grass-roots workers has not improved at all, so much so that a contradictory phenomenon has appeared with the labour market in full employment on the one hand, and the SAR Government must go all out to alleviate poverty on the other.

Where does the problem lie? Before Mr LEUNG Chun-ying became the Chief Executive, he had written a newspaper article in 2010 criticizing the SAR

Government for having two fallacies in its fiscal policies. First, the notion that so long as the cake keeps getting bigger, different industries and different classes will all get a larger share, this is the so-called trickling-down theory. Second, the notion that under the trickling-down effect, people in the middle and lower classes have been taken care of and hence, there is neither any awareness nor policy of distribution in Hong Kong so far, and there is no need for such in the future.

Given that Financial Secretary John TSANG has all along formulated his budget under these two fallacies, it is diametrically different from the Chief Executive's policy vision. Measures proposed in this Budget are merely old wine in new bottle in order to lessen the discontent in society through one-off tax concessions and relief measures, such as paying two months' rent for public rental housing tenants, paying an additional one month's payment to CSSA recipients, providing a waiver of rates, raising the level of various allowances for salaries tax, and so on.

In the Budget, the Financial Secretary said that in 2013-2014, the recurrent expenditure on social welfare is estimated to reach $56 billion, an increase of 31% over that for last year. Yet, the relatively larger increase in social welfare expenditure this year is mainly incurred by the payments made under the Old Age Living Allowance commencing this April. Regarding other welfare policies, long-term and comprehensive planning which caters for the actual situation is still lacking.

This Budget contains two new measures, namely, the injection of $15 billion into the Community Care Fund and the Employees Retraining Board (ERB) respectively. As a labour unionist, I support the Government's injection into the ERB as the Federation of Hong Kong and Kowloon Labour Unions, to which I belong, is an organization helping to promote the retraining of employees. However, the retraining of employees does not only involve resources, but also time. Even if retraining organizations have the resources to organize more training courses, it will only get half the result with twice the effort in terms of helping working persons enhance their skills if they do not have time for training, or if they attend the retraining courses, feeling tired physically and mentally. The injection of $15 billion into the ERB is only one of the initiatives in helping employees enhance their skills, and it must be complemented by

standard working hours, and even paid study leave before real results can be achieved.

The Government's proposal to abolish the Employees Retraining Levy imposed on employers of foreign domestic helpers (FDH levy) and inject $15 billion of public funds into the ERB does not only involve a question on resource allocation, but also ethic responsibility, that is, whether employers should have a responsibility in retraining employees? The FDH levy is intended to make employers bear this responsibility. Retraining in the construction industry is also undertaken through an industry levy such that the responsibility of employee training is borne by employers. Notwithstanding the Government's injection into the ERB, I consider that the principle of employers bearing the responsibility of employee training should not be changed.

I must point out here that the Financial Secretary has made use of the subject of vocational training to put over the idea that some sectors in Hong Kong have experienced labour shortage. On the one hand, he said that the Government would follow its existing policy and mechanisms in dealing with the issue of labour importation, and on the other hand, he encouraged trade associations and stakeholders of some industries to be forthcoming with proposals to improve labour supply for their respective industries. In the Budget, the Financial Secretary has arbitrarily suggested that labour shortage has been experienced by the construction and retail industries, as well as some obnoxious trades, and that a long-term labour shortage will dampen our economic vibrancy. At the special meeting of the Finance Committee of the Legislative Council to discuss the Budget, members asked whether a full public consultation would be conducted by the Government in case of any changes in its labour importation policy. The authorities had evaded the question completely by merely saying that the Labour Advisory Board would give views on each application under the Supplementary Labour Scheme. By evading the question, the Government's attitude towards the importation of labour has, so to speak, become more obvious. I must reiterate here that the Government must be prudent in examining the labour importation policy and the policy should not be relaxed simply on the pretext of labour shortage. Under all circumstances, priority consideration should be given to the employment and livelihood of local workers. At present, the unemployment rate of young people is on the high side, and the unemployment rate of young people aged between 15 and 19 has exceeded 10% for a long time. If better employment conditions can be provided in the market,

and better training allowances can be offered by the Government, I think these measures can help alleviate the shortage of labour. Moreover, the Government should ensure better co-ordination among various major works projects in order to avoid the shortage of labour caused by overlapping timetables, giving rise to the false impression of a need to import labour.

The Budget also proposes to inject $15 billion into the Community Care Fund (CCF) so that the Commission on Poverty can renew its efforts to alleviate poverty by plugging the gaps in the existing system. This represents a change in the nature of the CCF. While I support the allocation of additional resources by the Government to help the disadvantaged groups in the community, I think the CCF should not bypass the Labour and Welfare Bureau. The Government must clearly position the CCF so that its gap-plugging services are only pioneer in nature, and all measures, which have proved to be effective upon implementation, will be incorporated into the regular programmes of the Labour and Welfare Bureau for continuous implementation, so as to ensure the effective use of public funds.

Given the numerous conflicts in Hong Kong society, while we must allocate recourses to alleviate poverty and hardships, we also have to ensure that such resources are properly utilized under a reasonable monitoring procedure. Regardless of how good the intention is, the Government should be cautious in allocating hefty resources to an organization which is not subject to checks and balance by the public, in order to avoid further undermining the relationship between the executive authorities and the legislature.

President, in the concluding remarks of the Budget, the Financial Secretary said that, "an ideal society hinges on having the right conditions and resolving the core question of where to get the resources required". In the past five budgets formulated by the Financial Secretary, each recorded a surplus of over $40 billion on average, the Financial Secretary had offered a cash handout for all people in the territory. Evidently, the core question on resolving various current social conflicts is not where to get the resources required, but how to ensure the effective use of resources.

Whenever we mention that the Budget should function better in respect of the redistribution of financial resources, the Financial Secretary would give the same old reply that tax hikes will overhaul our simple and low tax regime which

has been the key to our success, and undermine Hong Kong's overall competitiveness in the longer run. This year, he even said that some European countries had experienced financial crisis because welfarism was not sustainable.

I must stress that there is a large scope for the Government to work on between redistribution of financial resources and tax hikes, and it is an over-generalization to say that the failure of welfarism is the cause of financial crisis in some European countries. Moreover, our demand that the Budget should provide a more effective commitment to society can by no means be compared with welfarism, under which the citizens are well taken care of throughout their lives from birth to ageing, sickness and death.

President, I so submit.

MR ANDREW LEUNG (in Cantonese): President, the first Budget of the current-term Government announced by the Financial Secretary in February was, as expected by the public, devoid of any pleasant surprises. The public finance principles of the Financial Secretary have always tended to be pragmatic and conservative. Besides, global economy is still under the impact of the financial crisis in Europe and the United States, and economic outlook is overshadowed by the panic triggered off by the unresolved problem in Cyprus. Hence, our budget must be robust enough to guard against any financial impact. In this connection, Honourable colleagues of the Business and Professionals Alliance for Hong Kong (BPA) and I consider that the Financial Secretary must handle the substantial fiscal reserves carefully, while various one-off cash handout measures cannot be regularized, a safety net should be put in place to ensure that people in genuine need are taken care of.

It is disappointing that the Budget is too conservative. The contents related to economic development, support measures for small and medium enterprises (SMEs), and so on in the Budget, are much less than those related to policies on social welfare and people's livelihood. We must maintain economic development before Hong Kong can provide sound welfare protection to its people. I concur with the concept of economic development outlined in the Budget, but the measures to facilitate economic development are not worth mentioning. The absence of specific long-term investment strategies and government policies for promoting Hong Kong's development in the Budget has

left us with the feeling that Hong Kong is not committed to staking on investment. It is our expectation that this Budget can propose concrete measures to facilitate Hong Kong's economic development, and I hope the Government can actively consider and accept our views.

At present, the global economy is still weak, and the outlook is gloomy. SMEs must promote their own brands. Given that a stable society must be supported by a large number of SMEs, the BPA has proposed many measures to support SMEs. I am very glad that the Financial Secretary has taken on board BPA's view and extended the application period for the special concessionary measures under the SME Financing Guarantee Scheme for one year to the end of February 2014, and increased the cumulative amount of the grant for SMEs under the SME Export Marketing Fund from $150,000 to $200,000. Although this news is encouraging, the amount is far from adequate.

It takes a long time to build up a brand, and the subsidy of $50,000 can only enable SMEs to participate in one exhibition. If a mere $50,000 was enough to build up a brand, many brands of SMEs in Hong Kong would have been world famous a long time ago, and there is no need to rely on government support. In addition to financial support, the authorities should, through quasi-government organizations, take the lead in helping SMEs open up business opportunities in the Mainland and emerging markets. Hence, I hope the authorities can provide additional funding to the SME Export Marketing Fund, increase the ceiling of grant thereunder, and allow the use of subsidies on promotion activities in emerging markets, so that SMEs can grasp the opportunity and complement the upgrading and transformation of China by enhancing the promotion of their own brands in order to open up the Mainland market and enhance their own competitiveness.

Members of the Federation of Hong Kong Industries (FHKI) have relayed to me that they welcome the Government's proposal to increase the amount of subsidies under the SME Export Marketing Fund as it can help them open up the Mainland market. They also hope that the authorities can launch the relevant measures again if there is good response in application. I will also closely monitor the utilization of the SME Export Marketing Fund. Once the Fund is insufficient to meet the overwhelming demand, I will ask the authorities to increase funding provision on their own initiative so that more enterprises can benefit.

Hong Kong's scientific research capability has reached an international standard for a long time, and the industrial and commercial sector of Hong Kong, being adept in applying technologies and grasping market trends, is aware that a new industry unique to Hong Kong can be developed by combining these two elements. All along, China has confidence in the products of Hong Kong, and I hope the authorities will continue to allocate additional resources in the area of testing and certification, in order to build up the reputation of local brands and promote the development of brands of Hong Kong enterprises. Regrettably, many people in the industry have relayed to me their disappointment that the authorities have still failed to provide support for the industrial sector this year. They hope the Government can face the development of industries in Hong Kong squarely and formulate forward-looking policies for SMEs.

The Budget proposes to provide subvention to universities for technology transfer. This news is encouraging. However, there were not many examples in the past where universities could successfully commercialize research and development (R&D) results. I hope the Government will make good use of this new policy so that incentive can be provided to universities in developing new technologies while focusing on the commercialization of such technologies. We propose that the Government should strengthen co-ordination in this regard so that the relevant work will be led by authoritative experts conversant in R&D, draw on overseas experience, and provide tax deduction at three times of the expenditure as all along suggested by the FHKI, in order to promote the research, development, design and brand promotion of products and assist local industries in upgrading and transformation.

Regarding environmental protection, I am very happy to see the authorities' determination in improving air quality. The Budget proposes to earmark $10 billion to progressively phase out old diesel commercial vehicles. Notwithstanding the original good intention, people in the industries have relayed to me that a large number of local commercial vehicles are Euro IV and Euro III vehicles, and the replacement of each vehicle can easily cost up to $600,000 or $700,000. The local transportation and logistics industries will be seriously hit by the excessively high replacement cost. Therefore, I hope the authorities will consider whether some types of vehicles should be allowed to replace the truck cab only and retain the old frame so that the owners do not have to buy a brand-new vehicle. This suggestion does not only extend the service life of vehicles, but also reduce the waiting time and cost of replacement. Hence, I

suggest that the authorities should make reference to the experience in Mainland China or overseas countries, for example, the "green zone" established in London, so that non-environmental vehicles would be prohibited to enter busy districts like Mong Kok, Causeway Bay and Tsim Sha Tsui, or they could only enter such districts after paying a fine, in order to resolve this problem progressively through a gradual approach.

Apart from diesel commercial vehicles, ferries making hundreds of trips daily in the Victoria Harbour also need to have their engines replaced in order to comply with the emission standard of nitrogen oxides set by the International Maritime Organization and the Marine Department. I learn from people in the industry that the replacement cost of a vessel with a capacity of 400 passengers is about $20 million to $25 million, while the cost of only replacing the main vessel engine and the related spare parts is just $1.6 million. The authorities should help the operators replace the old engines of ferries in the same approach as the replacement of diesel commercial vehicles, so that the air quality of Hong Kong can be improved.

The Kai Tak Cruise Terminal (the Terminal) will be officially commissioned this June. Earlier, the authorities already said that a standard for measuring dark-smoke emissions from vessels in prosecution cases would be introduced expeditiously, so that vessels entering Hong Kong waters would switch to clean fuels. I hope the authorities would co-operate further with the local governments in the Pearl River Delta Region in the future, so as to mandate the use of clean fuels by vessels entering the region. The authorities also said that studies would be conducted on the installation of on-shore power supply facilities at the Terminal. On-shore power supply facilities are nothing new. As early as 2000, studies on the installation of on-shore power supply facilities in terminals around the world have already been conducted, and cruise vessels are encouraged to make use of these facilities. However, it is learnt that at present, 90% of cruise vessels have not been equipped with connection device for on-shore power supply, and the voltage of vessels of different countries is different. Therefore, appropriate support should be provided by the authorities when installing the facilities at the Terminal so as to facilitate the use of on-shore power supply by cruise vessels.

One berth at the Terminal is capable of berthing the world's mega cruise vessel with a gross tonnage of 220 000 tonnes. Power consumption of a large cruise vessel is comparable to that of a small European town, and one of the

largest cruise vessels in Asia — Mariner of the Seas — will be the first liner to berth the Terminal on 12 June. I hope the authorities will fully consider issues related to power supply and safety when installing the on-shore power supply facilities, and gradually encourage the use of on-shore power supply by vessels in order to reduce emissions.

As the public have increasing awareness on environmental protection, the development of green economy will be an important element of the future economy. Both the Policy Address and the Budget have neglected the possibility of developing urban mining in Hong Kong; exporting waste materials is not the best way to support and develop the recycling industry, and the authorities should promote urban mining in Hong Kong. Every year, over 70 000 tonnes of waste electrical and electronic equipment (WEEE) are generated in Hong Kong, containing valuable precious metals and rare metals. At present, the notion of urban mining is emerging in many advanced economies, or even some provinces and municipalities in the Mainland. According to the estimation of the Ministry of the Environment in Japan, the value of precious metals and rare metals contained in WEEE amounts to some ¥30 billion and ¥5 billion each year. Turning urban mining into a profitable industry will not only increase the number of jobs and vacancies, and develop the local recycling industry, but also reduce waste of resources and minimize environmental pollution.

Lastly, I would like to spend some time to talk about measures to support the middle class. The middle class has all along been the backbone of society. Society will become increasingly stable as more and more people enter the middle class. Many middle-class people consider that this year's Budget has not provided many concessionary policies for them. But instead of merely focussing on short-term benefits, we should grasp the opportunities presented in the Budget. To provide people with the ladder of upward social mobility, the Budget proposes a number of measures to encourage self-education, for example, raising the deduction ceiling for self-education expenses, stepping up promotion and publicity of the Qualifications Framework for its wider acceptance among all sectors, and so on. I truly believe that investing in the future is the only way to help middle-class people move upward in the long run. Therefore, we need to develop a diversified economy and aim at the future by enhancing the training of professionals through improved education and manpower training policies, so as to dovetail with the development of Hong Kong into a knowledge-based economy, which will in turn promote social mobility and allow young people develop high value-added industries with their new skills. So long as the

authorities are willing to invest in education and manpower training, as well as strengthen vocational training, Hong Kong's manpower resources can surely catch up with the development of knowledge-based economies around the world, so that Hong Kong is well-positioned to open up new economic frontiers and maintain economic growth, while promoting upward social mobility. This is a good solution to the problem of poverty.

Regarding labour shortage, the Financial Secretary pointed out that a labour mismatch did exist in the labour market. The BPA hopes that the Government will closely monitor the impact of such on economic development. If the measures to address labour shortage proved to be ineffective, the Government should pragmatically and decisively import foreign labour in a timely manner, so as not to hamper the development of those industries with labour shortage and undermine Hong Kong's competitiveness.

President, as the old Chinese saying goes, "When having a meal of porridge or rice, always think about the hard process of getting it; when holding half a thread of silk or hemp, always remember the difficulty of making things. Always make preparations before it rains; do not wait until you are thirsty to dig a well." Although the troubling banking system crisis of Cyprus has finally come to an end lately, we must not overlook the domino effect which may be triggered off by the incident. After the financial tsunami, many European and American countries have been hit by financial crisis one after another, mainly as a result of long-term fiscal mismanagement by the local governments. At present, the global financial order is far from stable, coupled with the earlier announcement made by Japan that it will engage in large-scale money printing due to deflation in the country, Asia will probably be inundated by the overflowing capital and the world is set to face a new round of currency competition. Hence, I support that the authorities should strictly adhere to fiscal discipline and seriously learn from the lesson with European and American countries incurring heavy debts as a result of excessively bloated welfare expenditure.

In order to maintain the robustness of Hong Kong's financial system, the authorities must keep the expenditures within the limits of revenues, so that continuous funding will be provided to address various livelihood problems by implementing relief measures in a timely and appropriate manner.

President, I so submit.

MR CHAN HAN-PAN (in Cantonese): President, this is the first Budget of the current-term Government. As the Financial Secretary John TSANG said in his Budget speech, he would, on the basis of a series of new policies worth $60 billion announced in the Policy Address at the beginning of the year, introduce proposals in four areas, namely developing the economy, optimizing human resources, investing in infrastructure and caring for people's livelihood. More importantly, he would share his thinking about future challenges posed by an ageing population. I note that in this Budget, of the three major spenders of public resources, the total expenditure in two areas of grave public concern, namely medical services and social welfare is $120 billion, or 26% of total government expenditure. The Government has seemingly responded to people's demand. But what really happens is that notwithstanding the Government's willingness to spend money and the actual spending made, people can hardly feel any impact, let alone substantial improvement. I would like to take this opportunity and draw the Government's attention to questions in several areas again, so that the Government can serve the people with pragmatism.

First, I would like to talk about medical services. At last week's special meeting of the Finance Committee, the Secretary for Food and Health pointed out that in the coming year, the recurrent expenditure on health was $48.8 billion, or an increase of 5.7% over the previous year, and the expenditure would mainly be used to retain healthcare manpower, provide additional accident and emergency (A&E) services and convalescent beds, increase the quota of general out-patient clinics, further improve the Drug Formulary, and so on. These measures have seemingly brought huge benefits to the people. However, in a healthy society, service provision under a healthy medical system requires both hardware and software which are complementary. The truth is that we are facing the difficult problem of healthcare manpower shortage. Although the Government's direction of allocating additional resources to attract and retain manpower is definitely correct, if it continues to deploy the established method of "work more, earn more", such as recruiting part-time staff internally, increasing their hourly wages and working hours, and so on, it will just reduce the rest time of healthcare staff in effect. This method will probably just make the healthcare staff work even harder, which naturally reduce their work efficiency. Given such strenuous work, they may think of working in private hospitals which offer better benefits and shorter working hours. The wastage rate in the public sector may then be accelerated. In the end, though money has been spent, there is no marked improvement to the situation of long queuing at A&E departments, general

out-patient clinics and specialists departments. We initially suggested to the authorities that doctors in other sector should be employed at normal remuneration package to help out in public hospitals, so that the manpower in hospitals can have an actual increase, but the Government is not willing to do so. That is why I said that notwithstanding the money spent, people can hardly feel any impact, let alone substantial improvement.

Another example of ineffective use of spending is the measures to increase the number of A&E beds and convalescent beds, as well as the quota of specialist out-patient services. In recent years, we are facing the difficult situation with members of the public getting increasingly reliant on public healthcare services, as well as inadequate healthcare manpower in the public sector. This is a well-known fact. Every year, the Government has allocated additional resources to improve the hardware facilities of public hospitals in order to reduce the waiting time of patients, but, take the case of my constituency the New Territories West as an example. The number of A&E doctors at Tuen Mun Hospital has been reduced from 43 in 2010-2011 to only 37 now. They are not only responsible for A&E services at Tuen Mun Hospital, but also A&E services at Pok Oi Hospital, and in the coming year, an additional 80 A&E beds will be provided in the New Territories West Cluster. While we certainly applause the additional provision of hospital beds which is a good measure, is there any increase in manpower? If there is no increase in manpower, I am very worried that we will end up with having both vacant hospital beds as well as long queues of waiting patients, a situation intolerable not only to A&E patients in terms of waiting time, but also the healthcare personnel in terms of workload. The problem of long waiting time for specialist services in the New Territories West Cluster is just as serious. For example, the waiting time of patients for cataract surgery in other clusters has been improving, with the waiting period reduced from 10-odd weeks in the past to one week now. However, the waiting time in the New Territories West Cluster has instead become increasingly long. Originally, the waiting time was 19 weeks, but with the allocation of additional resources, what is the waiting time now? It is 20 weeks. Therefore, even though the Secretary said that additional resources had been provided, we consider that the money spent cannot bring about any substantial improvement, or any actual benefits for the public at all. Although there are many more examples, I will not list them out one by one. I hope the Government can think out of the box and break new grounds in the provision of healthcare services by strengthening the collaboration between the public and private healthcare sectors,

as well as considering the employment of healthcare personnel outside the public sector, so that the existing shortage of healthcare manpower can be relieved and the resources can actually be used to benefit the patients.

President, Hong Kong's population is ageing in a quicker pace than anticipated. At present, the number of elders aged 65 or above has already exceeded 1 million, and the number will increase by two times in the next two decades. Elders are prone to chronic diseases and require long-term care, yet Hong Kong's long-term care system also lacks planning and allows no flexibility to cater for the need and financial affordability of individuals. Moreover, there is actually a huge shortfall between the number of subsidized residential care places and the number of elders on the waiting list. Some elders have been waiting for years, and some even died while waiting for allocation. So far, there is a total of 27 000-odd residential care places for elderly with direct Government subsidy including brought places, but this number only represents 2.5% of the elderly population, which lags far behind than the reasonable level of 4%. However, we have received reports from members of the public that some sites, reserved for subvented residential care homes, are ready for construction but have been left vacant for three years, and so far, the Government has yet to put them in the market and invite tenders to operate the residential care homes. This gives us the feeling that the Government is rolling out residential care homes for the elderly in an extremely slow pace, like "squeezing toothpaste out of a tube", which clearly illustrates the Government's shoddiness. At the end of the day, the Government often says that substantial financial resources have been allocated for the purpose, yet the sites reserved for the construction of residential care homes for the elderly have been left vacant for breeding cockroaches and rats, while the elders are left to wait in vain. That illustrates how ineffectively the money has been spent.

I would also like to talk about the denture-fixing allowance for elders. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has all along been concerned about the health of elders, especially dental health. It was only after our continuous fight that the Government had finally allocated $100 million under the Community Care Fund to provide the relevant subsidies to elders under the Elderly Dental Assistance Programme. However, many obstacles and requirements had been introduced when the Programme was put into implementation, so much so that the elders or applicants were treated in a miserly way. As a result, notwithstanding the $100 million earmarked for the

purpose, only 100-odd applications have been received so far. If the authorities can extend the scope of the Programme by relaxing the eligibility criteria slightly, the number of elders who can be benefited will increase naturally. That is how the money can be spent effectively to enable more elders to eat healthily. This will also greatly rectify the problem where money earmarked fails to bring substantial improvement.

Separately, I would also like to talk about the future development of Hong Kong. With the completion of several major infrastructure projects in the near future, including the Hong Kong-Zhuhai-Macao Bridge and Tuen Mun-Chek Lap Kok Link which are going on in full swing, the Lantau Island will definitely become the powerhouse of Hong Kong's development. However, even when the Bridge is due to complete and be commissioned for vehicular traffic in a few years' time, the Government has still not allocated funds to study on the implementation of "bridgehead economy". We have all along hoped that a Lantau Island Development Committee would be established by the Government to study the development of Lantau Island through inter-departmental discussions. But instead of allocating resources for such a study, the Government has provided funds for the study on the doomed Container Terminal 10 project. Notwithstanding the money spent spending, we invariably feel that the Government has always missed the target. We are sceptical as to whether the Government is playing foul. We hope the Government would conduct itself well.

Another case I suspect that the Government is playing foul is the implementation of ferry services for outlying islands. In recent years, some inner harbour ferry services have experienced difficulty in operation. As we all know, residents in Cheung Chau and other outlying islands can only rely on ferry services for commuting. But it is an established fact that ferry companies are operating with difficulties. In 2010, the Government allocated $100 million with a view to helping ferry companies improve their long-term financial viability and maintaining fare stability. The term of the licences is three years. The fund is primarily used to subsidize the cost of repairs and maintenance, but the operators are most concerned about the cost of purchasing vessels and the escalating fuel costs. Those are the problems they are most worried about, yet the Government has refused to provide subsidies in those areas under various excuses. We have previously suggested that given the operating difficulties of ferry operators, funding should be provided for the Government to purchase

vessels for operation by ferry companies. But the Government has refused to take on board our suggestion. As a result, $100 million has been spent, yet ferry companies must still increase fares, and they must still operate the routes with difficulty. Now, the three-year licence will expire soon. Are the operators still interested to bid for the ferry licences? Why doesn't the Government try listening to our views? As the Chief Executive has said, there is wisdom in the community, and community has the wisdom.

It is very important that government policies can make people happy, and this is best achieved by seeing what is coming through one small clue, rather than just implementing the laws. In recent years, the Government has hoped to improve building safety and hence, laws have been enacted one after another to mandatorily require the inspection of buildings and windows, the installation of fire hose system, and the taking out of third-party insurance. All these are mandatory requirements. But many problems have arisen in actual practice, resulting in a lot of extra workload for the staff of the Home Affairs Department as inadequate support has been provided. These legislations should be implemented more effectively as in the previous case of Operation Building Bright, which is a measure worth commending because the money spent can bring substantial improvements and members of the public can actually benefit from such improvements. The public are fair in making praises and criticisms. However, the present situation is that the measures implemented fail to achieve any effect, resulting in escalating public discontent as well as the Government's low popularity rating.

Moreover, in respect of our tourism industry, we are all gravely concerned about the capacity of Hong Kong to receive tourists. Hence, I previously hoped that the Government could develop home-stay lodgings in Hong Kong, or even set up a development fund with $5 billion to revitalize rural areas, villages and places with special characteristics, so that they can contribute to the development of tourism, and each member of Hong Kong can have the opportunity to participate in tourism development. But regrettably, regarding the tourism projects in this Budget, we note that the Government's contribution is merely to build a certain number of hotels, as well as add some projects to the Ocean Park and Hong Kong Disneyland. While these initiatives are correct and should be implemented, we also hope that the Government can really see the crux of the problem. We hope that members of the public have the opportunity to

participate in tourism. That is how Hong Kong's capacity can actually be increased.

President, it is evident that in this Budget, the Government has tried to allocate resources to cater for different social classes, different districts and different areas, in order to resolve the problems, yet the money spent fail to make substantial improvement, which is really a great waste. If the Government does not first try to understand spends the money without seeing, listening, touching and feeling the real needs of the people with its heart, the problems may never be resolved even if more provisions are allocated. Actually, this Budget is not only deserving of criticisms as many measures are praise-worthy. But I want to create impact with my speech. I hope the Government can seek improvements in future by listening more to our views and allocate resources to critical areas according to actual circumstances, so that the funds are actually used on the people. In return, the public will feel the Government's sincerity of serving the people with pragmatism. In that case, the Government's popularity rating will naturally rebound.

President, I so submit.

MR CHUNG KWOK-PAN (in Cantonese): President, the Budget delivered by the Financial Secretary has not given us any new ideas, and as in the past, a series of giveaway measures are proposed. This year, a total of $33 billion will be handed out, which include paying two months' rent for public rental housing tenants, granting electricity subsidy of $1,800, providing an extra one month of allowance to recipients of Old Age Living Allowance, Old Age Allowance and Disability Allowance. These measures were similar to last year's, but oddly, for measures that benefit the middle class and small and medium enterprises (SMEs), such as salaries tax rebate and rates waiver, the concession amounts have decreased instead of increased. Naturally, SMEs and the middle class are disappointed. At present, the Government has a fiscal reserve of more than $730 billion, and it is anticipated that the amount may even reach $800 billion in 2018. Though the Treasury is flooded with money, the Financial Secretary still acts miserly. With such an abundant surplus, the measures in the new Budget turn out to be less favourable.

Rates waiver and tax rebate can directly benefit the middle class. In respect of rates waiver, last year the ceiling was $2,500. Given the current sky-rocketing cost of living and the surge in property prices and rentals, we request a rate waiver of $5,000, but only $1,500 is proposed for rates waiver in this year's Budget. As for salaries tax, the Liberal Party requested to increase the ceiling of concession to $25,000. The limit was $12,000 last year, but in this year's Budget, the limit has been reduced to $10,000.

The new-term Government keeps saying that it understands the difficulties of the middle class in acquiring and renting flats, but it just pays lip service without extending a helping hand to the middle class who have all along been paying high rent. In fact, three years ago, the Liberal Party had already proposed the granting of rent allowance of some $100,000 a year. This proposal has gained the support of Members from other political parties in the Legislative Council and a consensus has somehow been forged. However, not a word has been mentioned by the Financial Secretary in this Budget.

There are many ways in which the Financial Secretary can help the middle class. For example, the Liberal Party suggested the introduction of a tax allowance of $60,000 per annum for children's education, so as to relieve the burden of the middle class in bringing up their children, but the Budget merely proposed to increase the child allowance from $63,000 to $70,000, without mentioning education expenses. As the Financial Secretary claims to belong to the middle class, I wonder if he is aware of the burden of rearing a child.

In addition, we requested to increase the dependant parent allowance to $70,000 and relax the limitation on deductible tax for people living with their dependant parents. The Budget remains silent on these requests.

Apart from the middle class, SMEs are also disappointed and consider that the Budget does not offer much help. As we all know, the unstable external economy leads to a persistently weak export market, and in the face of problems such as high wages, high rent, high raw material prices, as well as financing difficulties, SMEs are operating with great hardship. While the Liberal Party suggested a profits tax rebate of 75% to be capped at $20,000, the Financial Secretary remained indifferent, and the ceiling of tax rebate had actually decreased from $12,000 last year to $10,000 this year. The Financial Secretary

talked about supporting SMEs, but in fact he has slashed the concessions offered to SMEs.

Although the Financial Secretary has proposed six measures to support SMEs, he is in fact putting old wine in old bottle, without offering additional support in real sense. For example, regarding the Small and Medium Enterprises Financing Guarantee Scheme which SMEs have been striving to extend for two more years or even make it a permanent scheme, the Financial Secretary only agreed to extend the Scheme for one year. Late last year, I moved a motion on "Small and Medium Enterprises Loan Guarantee Scheme" in this Council, urging the Government and the participating banks to discuss the room for lowering interest rates, in order to alleviate the loan burden of SMEs. So far, no substantive progress has been made. The Financial Secretary has only extended the Scheme for one year, which can hardly alleviate the problems faced by SMEs in respect of financing difficulties and high interest rate of the Scheme.

There are other measures to help SMES, such as waiving the business registration fee, assisting Hong Kong enterprises in transformation and restructuring, developing brands and promoting domestic sales in the Mainland through the $1 billion BUD fund; as well as increasing the cumulative amount of the grant for SMEs under the SME Export Marketing Fund from $150,000 to $200,000. However, take the SME Export Marketing Fund as an example, only an extra $50,000 is provided. The Government encourages SMEs to develop new markets and as the development of new markets takes a long time, the mere provision of an extra $50,000 for promotion efforts actually does not offer much help. I had requested to increase the amount to $300,000, but the Budget only increases the amount to $200,000.

In fact, the Financial Secretary has wrongly estimated the fiscal surplus in each year's budget. This year, he made the same mistake again. The original estimated deficit of $3.4 billion turned out to be a surplus of $64.9 billion. With such a large sum of fiscal surplus, only $33 billion has been allocated for alleviating hardship. In last year's Budget, this sum of money was in fact non-existent. With this windfall, why does the Financial Secretary not spend it all for the benefit of the society? This is actually a windfall. If the Financial Secretary was right in his estimates, we would not have a surplus of more than $60 billion. With this money, why does the Financial Secretary not return the money to the people but instead being so stingy? The Financial Secretary

should utilize this surplus to make long-term planning for the future development of Hong Kong. I hope the Financial Secretary would seriously consider this point.

Thank you, President. I so submit.

MR JEFFREY LAM (in Cantonese): President, this Budget carries the style of managing public finances with prudence which the Financial Secretary has adopted all along. However, as Hong Kong is currently affected by the unstable external economic environment, high inflation and exorbitant rents, many enterprises and members of the public are under tremendous pressure. I hope the Government can make proper use of the reserves with a broad vision and a completely new mindset to help members of the public tide over the difficulties, and make long-term commitment to the promotion of industries with competitive edge.

Economic development and improvement of people's livelihood are not in conflict with prudent management of public finances. They can complement each other. In the last financial year, the Government held a surplus of $65 billion. We should make proper use of the surplus to improve the single-direction development of industries and formulate long-term policies for deep-rooted problems in society, such as problems of housing and ageing population, seizing such opportunities to make long-term investment for the community.

This Budget ties in financially with the development of industries with competitive edge as mentioned by Chief Executive LEUNG Chun-ying in his first policy address. It has also mapped out various concrete measures with regard to finance and logistics, of which I am supportive. Hong Kong needs to maintain its status as a financial, trading and shipping centre in the world. Initiatives proposed in the Budget, including the enhancement of infrastructure and injection of $100 million to establish a training fund for maritime and aviation transport, are necessary and worth our support.

Concerning the need to squarely face the problem of single-direction development of industries as well as support technological innovation and creative industries as explicitly stated in the Policy Address, the industrial and

commercial sectors hope that the Government will strengthen its effort to facilitate the development of this type of industries and provide incentives to encourage traders to invest more in scientific research.

President, South Korea's footing in the development of emerging technologies, which it has secured shortly within some 10 years, is fully attributable to its government's injection of large amounts of funds in promotion work. Similarly, China's space program has received huge investment of the country, which has thus pushed forward the development of scientific research. These examples illustrate that as a prerequisite for the promotion of scientific research, the Government must inject plenty of resources. If we look at Hong Kong, our resources in scientific research, on the contrary, lag far behind South Korea and China. In my opinion, the Government should put in more resources in an appropriately proactive manner so as to promote the local technology industries, and provide the industrial and commercial sectors with more support in this regard. We often say that we hope our "dream of technology" will come true. If we do not work faster, it will hardly come true.

On investment in technological development, the funding in the Budget for the six universities in Hong Kong is only $12 million each as the subvention for scientific research. Nowadays, this amount is even not enough for the purchase of a residential unit of 1 000 sq ft. I consider that the Government should enhance its support for the institutions in the light of their actual needs. It should also provide enterprises with bigger incentives to encourage them to enhance scientific research. As proposed by us in the Business and Professionals Alliance for Hong Kong (the Alliance), the Special Administrative Region Government may offer double or triple tax reduction to encourage small and medium enterprises (SMEs) to invest in scientific research.

On alleviation of problems faced by local enterprises, the Budget has put forward supportive measures for SMEs so that SMEs can have a respite for the moment. A number of these measures have taken the Alliance's advice, including extending the application period for the concessionary measures under the SME Financing Guarantee Scheme, strengthening the support for SMEs through the Export Credit Insurance Corporation, making use of the dedicated fund to assist Hong Kong enterprises in upgrading and restructuring, as well as refunding part of the profits tax to SMEs, waiving the business registration fees and so on. Despite this, I hope the Government will go on to consider the other

proposals made by the Alliance to assist SMEs because while the external economic situation is still unclear and the export market remains weak, SMEs are the most vulnerable. At present, prices of raw materials have risen and wages have also increased, but prices of their goods cannot be raised. They are already sort of lucky if they do not suffer a loss. Hence, many SMEs are in a predicament where their business operations cannot make a profit, but if they stop such operations, they cannot even make a living.

It is mentioned in the Budget that more Design Galleries will be set up for Hong Kong enterprises in Mainland cities other than Beijing and Guangzhou to facilitate Hong Kong enterprises to tap the market in second and third-tier cities. Moreover, the cumulative amount of grant for SMEs under the SME Export Marketing Fund will be increased to $200,000. However, as this kind of promotional activities will cost a lot of money, traders hope that the Government can raise the upper limit and expand the scope.

President, it is certainly important to assist Hong Kong enterprises in tapping the market, yet it is all the more important to offer timely assistance when they encounter difficulties in running their business. For those Hong Kong enterprises which consider coming back to Hong Kong owing to increase in operating costs on the Mainland, the Administration should also help such enterprises to develop in the local market afresh, and capitalize on the competitive edge, such as the business reputation which Hong Kong has established over the years, the simple tax system and advanced information technology, to promote wholesale markets of electronic products, garments, jewellery and gifts.

Besides, another major problem in Hong Kong is shortage of land which has led to the plight in which enterprises have to face exorbitant rents. I hope the Government will consider my earlier proposal of developing underground space. As we have noticed, Qianhai, the area which will become "the Central in Shenzhen" in the future, is particularly creative in the use of space. Although the area is only about 15 sq km, it has made good use of underground space to develop into four storeys, consisting of a shopping mall, restaurants, and so on, thus giving this financial core area an economic impetus.

Earlier, I have suggested that while the large-scale projects of West Kowloon Cultural District and Kai Tak Development Area have not yet

commenced, the Government should give consideration or make flexible changes so that apart from developing underground space, more ground level space can also be released. In fact, consideration may also be given to developing the space underneath Victoria Park into an underground commercial district.

Many tourist attractions in the world, for example, Paris, Japan and Singapore, have actively developed underground space for the construction of underground vehicle depots, coliseums, commercial areas, so and so forth. I urge the Government to actively develop underground shopping malls because this kind of space which has genuine potential of providing SMEs with more shop premises while releasing more ground level space. The proposal of this kind of underground shopping malls can achieve two ends at one stroke.

President, all along we have reminded the Government that a number of industries have problem of manpower shortage. We are given to understand that industries such as elderly care, construction and catering services all suffer from this problem. The Government should face the reality and consider how to help these industries resolve the manpower shortage. In my view, not only does the Government need to allocate more funding to organize training programmes, it also needs to review afresh the actual current situations of various industries and import an appropriate amount of labour on a need basis without affecting the employment of local workers.

An ideal budget needs to comply with the principle of fairness, meaning that it can look after the needs of different social strata in Hong Kong. Apart from ensuring protection for the grassroots, it has to take into account the interests of the middle class. The previous budgets adopted short-term measures to alleviate people's hardship. However, at the present time of "three highs", namely, high property prices, high rents and high consumer prices, even though the Budget attempts to ease people's burden, their quality of life is yet to be improved. Recently, we have seen more members of the middle class who have always worked hard in low profile express their views. I hope the Government can listen to their aspirations carefully and offer them appropriate assistance.

An ambitious and responsible government should not hold onto its money obsessively. It should consider how to utilize the reserves for long-term investment in a reasonable manner, so as to better the basic conditions of Hong Kong and improve people's livelihood.

President, I concur with the support given to the industries by the Budget. I hope that the Administration will, in response to the rapid development on the Mainland, assist Hong Kong traders in tapping the domestic sales market and establishing their brands by capitalizing on Hong Kong's advantage in having a free economy and guaranteed quality service, as well as providing more timely support in view of operating difficulties faced by SME. As for relief measures, the needs of the middle class should not be neglected in the Budget as well, and I hope more assistance can be offered. Generally speaking, I support the Budget.

However, the Budget needs to be endorsed by us as soon as possible because it involves funding for government policies and expenditures for various economic and livelihood issues which are highly important to the overall operations of society. If endorsement for the Budget is delayed, the social impact will be big, including civil servants not getting paid. In that case, there will be no one to handle the Old Age Living Allowance, Comprehensive Social Security Assistance and public services, while hospital operations may come to a standstill and school classes may have to be suspended as well. If classes are suspended, I guess parents will be unable to go to work because they have to stay at home to look after their children. An even worse scenario is that there will be no one to clean up the litter. Hong Kong may end up in a terrible mess plagued with stinking smell everywhere. I believe this is not something which the 7 million Hong Kong people wish to see. I hope Members who intend to filibuster will, having regard to the concerns of everyone in the territory and the benefit of the community, pull back before it is too late.

We are resolutely opposed to filibustering. On this, this gentleman is not for turning.

President, I so submit.

MR TOMMY CHEUNG (in Cantonese): President, the whole Budget offers no surprise. The only point that pleased me is that the Budget has touched upon the problem of labour shortage. However, I am not happy that the Government has only said it would follow its existing policies and mechanisms to deal with the problem, without proposing any specific measure.

We should note that under the Supplementary Labour Scheme, the number of workers applied for importation in 2012 was close to 6 000, which was more than double of the figure two years ago. Yet, the approval rate dropped year-on-year from 50.4% in 2010 to 32.8% in 2012. In addition, most of the approval cases are for importing professional technicians. It is highly unlikely that the catering industry would succeed in importing dishwashing workers and cleaners, who are in acute shortage.

In recent days, MAK Kwai-pui, founder of Tim Ho Wan, a Michelin 1-starred restaurant, complained to reporters that it was very difficult for small restaurants to thrive. In his view, recruitment difficulty has become the biggest challenge to the industry as it is hard to attract new blood even if a better pay was offered. As a matter of fact, I had given the same warning in my previous speech on the Policy Address. I remarked that the difficulty in filling vacancies had already reached a critical point in the catering industry.

The authorities are apt to give the same response that they have already done much to enhance vocational training for the industry. It is true that the training programmes provided by the Vocational Training Council for the catering industry have become more diversified and professional in recent years, and no doubt such programmes can enhance the overall service quality and attract young newcomers. However, the problem is that while most young trainees will work in hotels or high class restaurants after training, they are not willing to work in commonplace eateries as well as small or medium restaurants. Hence, these training programmes do not help much in solving the manpower shortage problems faced by the industry.

To be frank, the industry no longer cherishes the hope of attracting local workers. It only hopes that as Hong Kong is now near full employment, the Government should expeditiously and seriously examine the importation of foreign workers, so that the industry can hire workers to take up obnoxious jobs, such as dishwashing and cleaning, at a reasonable wage rate. This is a more practicable approach to lessen the burden of restaurant owners and management staff.

President, at present, with surging operating costs, the catering industry finds it hard to recover the costs. Recently, some old-brand restaurants had ceased operation one after another. I feel sorry about that. The authorities

should note that with a decreasing number of independent business operators, there are fewer chances for upward mobility.

Three years ago, this Council passed a motion moved by me, urging the authorities to support the market for traders running small businesses. However, the authorities only move one step forward after being pushed. Today, the market tilts towards chain stores and large consortia, and the Government should no longer take this issue lightly. It should expeditiously formulate policies on the basis of the above motion to create room for the survival of small businesses.

Only in this way can the authorities change its old mindset. For example, the Leisure and Cultural Services Department, the Food and Environmental Hygiene Department (FEHD) and the Housing Department (HD) should no longer adopt the cost-recovery principle in operating their retail facilities, stalls and shops, or charge rents at market value. The authorities should not consider the resultant shortfalls as deficits. Instead, the deficits should be regarded as subsidies or financial assistance given to support the economy. The objective of doing so is to assist small businesses and promote upward mobility. Meanwhile, this proposal can suppress prices to benefit the general public and balance the market development. It is certainly a multi-win proposal. Also, I believe this proposal will not incur much spending. The fiscal reserve of more than $700 billion will surely be more than enough.

Moreover, I would like to remind the Housing Authority (HA) time and again that it should not, seeing the huge profits gained by The Link after renting its shopping complex to chain stores and large supermarkets, follow suit and adopt the same practice in its shopping centres. After all, shopping centres of the HA have all along been reserved for small shops and family businesses. This traditional feature must be maintained.

As I have often suggested, the authorities should improve the operating environment of the existing wet markets so that they can compete with large supermarkets. Many fellow Members have also requested the authorities to redevelop public markets in areas inhabited by many grass-roots people. I strongly support this idea but I think the authorities can take an even bolder move. In sites suitable for commercial development, be they shopping centres, markets or bazaars, the Government should designate a place for small businesses. In the development process, the Government should take a leading

role in co-ordination and set thresholds or restrictions to avoid all retail premises being occupied by developers or large chain stores. This can provide new spaces for the operation of small or family businesses.

President, in passing, I would like to bring out the problem of high rents faced by the catering industry. The authorities should speed up the processing of applications for open air cafés so as to optimize land use. The latest figures show that the average time required for processing these applications was shortened from 14 months in 2011 to 10 months in 2012. Although a marked improvement has been made, it is absolutely undesirable to take almost a year for processing the application as many restaurants only have a tenancy period of three years. Moreover, the number of approved applications has dropped year on year. In 2012, only 17 applications were approved while 68 applications were withdrawn or abandoned. We must not forget we have 12 000 food premises in Hong Kong.

The application for operating open air café involves various departments, such as FEHD, Home Affairs Department, Transport Department, HD, Fire Services Department, Police Force and others. The handling of various documents takes time, and given that the issue of open air café has no urgency, it will very often be neglected. I earnestly request the Financial Secretary to ask the departments concerned to review the situation and speed up the relevant procedures. If additional manpower is required, the Financial Secretary should give a green light for employing additional staff.

President, I also have pointed out time and again that the agriculture and fisheries industry in Hong Kong are gradually being "phased out". As a result, we have to rely heavily on imported food, especially food from the Mainland, and hence become very passive in respect of food price and food safety. In my view, owing to the appreciation of Renminbi, the increasing demand in the Mainland's domestic market, as well as the rising wages, transport costs and other operating costs in the Mainland, imported food from the Mainland will become more expensive in the next few years. It is unlikely for the prices to go down.

As a matter of fact, the total number of Mainland farms which supply poultry and livestock to Hong Kong had reduced from 467 in 2010 to 343 in 2012. In addition, their supplies to Hong Kong are getting more and more unstable. Last year, the lowest number of live pig imported from the Mainland

into Hong Kong was 1 513 pigs a day, which was 2 697 less than the average supply. As for live cattle, the lowest number imported a day was 12, which was 59 less than the average supply.

I urge the authorities to be decisive in adjusting its policy direction on agriculture and fisheries. They should no longer focus on regulation but should expeditiously draw up a plan to ensure a stable supply. While there was an increase in expenditure on agriculture and fisheries in the past few years, the additional spending was mainly used to compensate fishermen affected by the trawl ban. It had nothing to do with the development of agriculture and fisheries. I hope the Financial Secretary will consider allocating more resources in areas like organic farming, biosecurity and green facilities in farms, so that the agriculture and fisheries industry can develop and expand to meet local needs, and provide a reliable and low carbon choice in Hong Kong's food supply chain.

Let me reiterate that the Government must not take food safety lightly as food incidents can now occur in many different forms. The authorities should utilize its resources to conduct in-depth investigation on overseas or unexpected food safety problems, so as to ensure the public that the food they eat are safe and wholesome.

President, the operation of the catering industry is getting more and more difficult. Worse still, the industry has to face a series of environmental levy schemes introduced by the authorities, including the New Producer Responsibility Scheme on Glass Beverage Bottles, the consultation of which will be concluded next month. The entire industry is greatly worried. Although it is proposed that in phase one of the Scheme, fees will only be collected from the producers or distributors of alcoholic drink bottles, the industry believes that these fees will eventually be transferred to them and affect every part of the sales chain, especially the bar industry.

It is not that the catering industry does not support environmental protection, but industry players do not understand why the authorities always applies the rule "Polluter Pays" in introducing every new waste reduction policy to make the industry suffer and bear the brunt. Every time a new levy scheme is introduced, the authorities always say that the levy rate is not high. For example, the levy on glass bottles is only $1 each. However, when there are a

myriad of levies, say the Trade Effluent Surcharge and the proposed waste charge, they will add up to be a huge sum.

In fact, the industry has all along supported the recycling of glass bottles. Some catering businesses have even co-operated with green groups to recycle glass bottles with the aid of the Environment and Conservation Fund. Yet, the greatest obstacle lies in the recycling procedure. As glass bottles are heavy and will cause noise nuisance in transportation, if the bars concerned are located at inconvenient places like uphill/downhill streets or are too scattered, no one is willing to collect glass bottles.

I cannot see how a levy can solve the above problem. In fact, it will be more effective for government departments like the FEHD and the Environmental Protection Department to co-operate with district groups to provide recycling bins for collecting glass bottles. An improvement in ancillary transport facilities and recycling systems will also give a better result than levy.

Here, I would like to reiterate that the authorities must first reduce the rates before introducing a waste charge because the waste charge is now included in the rates. If the authorities do not first cut the rates, the industry will not accept a double levy.

President, on education, personally, I am worried that the introduction of 15-year free education may not be able to secure diversity for local pre-primary education in future. On this issue, my stance is always clear: I request the Government to immediately improve the Pre-primary Education Voucher Scheme (PEVS) by removing the requirement that participating kindergartens have to be non-profit-making, and abolish the school fee ceiling. This is a more direct approach and can truly allow "money to follow parents".

Also, the authorities should not put too much emphasis on whether the kindergartens are profit-making or not. Our objective is to provide financial assistance to parents. All the authorities have to do is to provide a grant, subject to a ceiling, to parents. Why bother which kindergarten the student attends? Parents from the middle-class should have the right to choose their preferred kindergartens. Why limit their choices to non-profit-making kindergartens? In the absence of incentives, schools will just stop enhancing their competitiveness. By the way, I would like to add a point. I agree to re-instate the salary scale for

kindergarten teaching staff under the PEVS as it will help improve the quality of kindergarten teachers.

Moreover, the authorities must not neglect the problems of a surge of cross-border students and the shortage of primary school places in the North District. They should think of a solution before the next school year starts. In fact, many prestigious schools with a long history in Tai Po have cut classes earlier to cope with the drop in school-age children. Will the authorities consider increasing the number of classes of these existing schools? If so, cross-border students will not have to flock to schools in Sheung Shui and Fan Ling, which are close to their homes. Local students living in Sheung Shui and Fan Ling can then have sufficient school places. What is more, it should not be a big problem for cross-border students to ride for one more station to Tai Po as they have to cross the border anyway. As a matter of fact, there are many prestigious schools in Tai Po.

President, lastly, I would like to talk about the shortage of international school places. This problem is particularly acute in English primary schools. Worse still, the authorities expect a shortfall of 4 203 primary school places in 2016-2017. I urge the authorities to solve this problem and make long-term planning as it is relevant to the competitiveness of Hong Kong in attracting foreign investors and retaining talents.

I have no objection to prestigious international schools opening their branches in Hong Kong. However, the authorities must ensure diversity and prevent international schools from turning into "aristocratic schools". If their school fees are unreasonably high, it will just scare away foreign investors.

President, the Government must tackle problems with a new mindset. At the meeting of the Panel on Education just held today, I said that if there was difficulty in allocating new sites for schools, the authorities should consider allowing local schools to make use of the school premises vacated after class reduction or school closure to introduce International Baccalaureate (IB) programmes and mix them with local programmes so as to provide another channel for students to take international school programmes.

President, I so submit.

MR WONG TING-KWONG (in Cantonese): President, in this year's Budget, the measures proposed to support small and medium enterprises (SMEs) are more specific than those in the past. To a certain extent, these measures can reduce the burden of SMEs and enhance their competitiveness. Therefore, we support these measures. Among the various supporting measures, the more impressive ones include extending the application period for the special concessionary measures under the SME Financing Guarantee Scheme (SFGS), setting up a task force on labour development in the retail industry, increasing commercial land, and setting up more Design Galleries in the Mainland. These measures can ease the pressure of SMEs in respect of capital, manpower and land. Meanwhile, they can create room for the survival of SMEs in the long run.

Financing difficulties or, in vulgar terms, difficult to borrow money, is the greatest challenge to SMEs. Many banks refuse to lend money to SMEs, fearing that SMEs, being small in size and having few assets, may not be able to repay the loans. As a result, SMEs may not have sufficient funds to operate their businesses. Even if they have brilliant ideas, no real actions can be taken due to the lack of money, not to mention turning the ideas into real businesses. With the implementation of the SFGS, the difficulties in getting loans can be alleviated. As banks are worried about having bad debts, The Hong Kong Mortgage Corporation Limited (HKMC) commits to provide guarantee for SMEs. This guarantee greatly reduces the risk exposure of banks, hence banks are more ready to grant loans to SMEs to maintain liquidity. Some time ago, the Government has enhanced the SFGS in the light of external economic challenges. However, the short application period has forced SMEs to make haste with their application. Many SMEs have hence requested for an extension of the application period. We are very happy to see the Government has taken our advice and proposed to extend the application period for one year in this Budget.

The existing SFGS, however, can be further enhanced in many ways. First of all, the high interest rate is a big problem. Though banks pay low interest rates for their funds and the HKMC is the guarantor, they still charge SMEs an interest of prime rate plus 1% or 2%, which adds up to a high rate of 5% to 6% for their loans. This is very unreasonable. Last December, the Legislative Council passed a motion, urging the Government to negotiate with banks to lower the interest rates under the SFGS. I hope the Government can take this motion seriously. On the other hand, the Government has enhanced the SFGS by introducing special concessionary measures and extended the

application for one year, to be renewed on a yearly basis. I understand that the purpose of this approach is to maintain flexibility. However, the Government should consider extending the SFGS in view of the market situation. I would like to remind the Government that the general economic environment is still unfavourable to SMEs: Europe and America have a weak economy; Japan is printing money to compete for export deals; the economic growth of Hong Kong is slow; and the Mainland market is difficult to tap. Hence, SMEs have to be very cautious in taking every step forward. Therefore, no matter how the Government will adjust the special concessionary measures, it should not "take away the umbrella in rainy days".

President, next, I would like talk about the problems facing the retail industry. The industry, with an output that constitutes 4% of Hong Kong's GDP, has 300 000 employees, and most of the operators are mainly SMEs. Therefore, the ebb and flow of the retail industry will have great impact on many SMEs and wage earners. As stated in the Budget, the retail industry is experiencing labour shortage, with a vacancy rate of more than 3%. Given that vacancies are hard to be filled, the development of the industry is greatly hampered. Worse still, the service quality has declined, affecting Hong Kong's reputation as a shopping paradise. Whenever we raise the problem of labour shortage, there will be enthusiastic suggestion of a pay rise as the solution. Where conditions permit, a pay rise will certainly be an option which makes everybody happy. Employers can retain talents and employees can improve their living. Yet, given that shop rents in Hong Kong are crazily high, we have to take into account the affordability of SMEs, so as to ensure the sustainability of retail industry. Therefore, to ensure that employers are happy to offer a pay rise, the authorities should provide sufficient development opportunities for SMEs. Fortunately, the Government is aware of the plight of the retail industry in times of labour shortage and has undertaken to set up a task force to think of a solution. I hope the task force can soon come up with a practicable solution to resolve the labour shortage.

President, at present, commercial land is in short supply, leading to sky-high rents, which have an obvious impact on the industry. Many SMEs and small shops can no longer afford rent hikes and are forced to close down. The vacated stores are then occupied by large consortia, leading to market monopoly. Therefore, the Government must try to provide more commercial land and reverse the situation of excessively high rent, so that SMEs can continue to operate and

give more choices to consumers. We understand the Government has difficulties in identifying new sites, and during the process, it has to take into account the aspirations of stakeholders and strike a balance between development, conservation and local interests. Any minor slips may provoke criticism. Although we understand the difficulties of the Government, we have to urge it to strike a good balance. In the Budget, the Government has dedicated five paragraphs on how commercial land can be increased and has provided us with a multitude of figures, depicting a bright blueprint which seems to give us a ray of hope amid land shortage. I do hope that the Government can step up its efforts to realize the blueprint and provide sufficient land for every industry. This will revitalize the market for diversified development, enabling all business to flourish, and the domination of the real estate industry can be ended.

To ensure the sustainable development of SMEs, apart from having sufficient land for daily operation, exhibition venues are also essential. In this connection, the Government has promised to set up more Design Galleries in Mainland cities other than Beijing and Guangzhou to offer platforms for Hong Kong SMEs to showcase their products and help expand their domestic sales in the Mainland. We strongly support this proposal, but the Government should take note of users' responses in detailed implementation, such as like the respective numbers of applicants and successful applicants and customer flow. The authorities should also work out an exhibition roster for participating enterprises and try to accommodate all the enterprises in need in the relevant programmes. Meanwhile, they should respond to the actual market needs and keep improving the arrangements for the Design Galleries. In addition, they should step up the promotion to publicize the Design Galleries. These efforts can maximize the effectiveness of this good measure.

With the advent of globalization, SMEs must leverage on the Mainland and engage themselves globally in order to survive. In respect of leveraging on the Mainland, the SAR Government has really put in much effort to promote economic co-operation between the two places and assist Hong Kong's enterprises to tap the domestic market in the Mainland. Yet, the Government can do a lot more to help SMEs engage themselves globally. Currently, SMEs which are interested in expanding overseas market have mainly put their focus on the member countries of the Association of Southeast Asian Nations, South America and Africa. As tremendous opportunities are available in these markets but Hong Kong's enterprises are not too familiar with them, the Government

should act as a middleman to help local enterprises open up these markets and promote the economic collaboration between Hong Kong and those places. SMEs in Hong Kong can then achieve a breakthrough and grasp overseas opportunities to gain the upper hand in the global competition.

President, most of the SME operators in Hong Kong have built up their businesses with blood and sweat. After a lifetime of hard toil, they can at most rise to the middle class. As there have been some arguments over the definition of middle class recently, I will just call this group of people "a middle-income class". People in this class are adequately provided and have some savings, but there is no way for them to become extremely rich. They are the pillars of society who pay high tax but enjoy little welfare. As their living burden is heavy, the Government should have shown more concern for them. However, in this year's Budget, it seems that there are few major measures proposed to take care of the middle-income class. In future, the Government should give these people extra care. It should alleviate their living burden by providing them with tax concessions and welfare benefits. At the same time, the Government should develop our economy in a way to give them bright prospects.

President, from the perspective of SMEs, the rating of this year's Budget should "surpass a passing grade". When I speak of "a passing grade", I mean to say this Budget is better than the previous Budgets as it has made concrete proposals to meet the needs of the industrial and business sectors. Therefore, I give it a pass. As for the word "surpass", it rhymes with "surplus" to suggest the excessive surplus incurred from the conservative estimate of the Government. I am afraid this kind of inaccurate estimation is not new to Hong Kong. I hope the Government can make good use of public money to implement the announced initiatives and make further improvement in next year.

With these remarks, President, I support the Appropriation Bill 2013.

MR CHARLES PETER MOK (in Cantonese): President, we may start our Budget discussion by first looking at some major figures. This year's Budget has attracted much criticism from different sectors in society as people consider this Budget has failed to deliver in various important policies. Yet, it is more appalling to find that government expenditure has more than doubled from nearly $200 billion in 1997-1998 to over $440 billion in 2013-2014, while recurrent

expenditure has almost doubled from $150 billion to over $290 billion, as stated by the Financial Secretary in the Budget.

From these lump sums, we know that the Government has spent more and more each year, and our GDP has only increased by 60% over the same period. In other words, the increase rate of government expenditure is much higher than that of the GDP. Besides, the Government is unwilling to increase its recurrent expenditure. It is particularly reluctant to invest in Hong Kong's future economic and industrial development, education and training, and social measures to cope with the problems brought by an ageing population. These investments have been put off time and again. Since the last-term Government, the Administration only cared about "handing out candies". Secretary John TSANG, who has been in office for six years since the last-term Government, had already spent more than $210 billion on one-off handouts. This year, he is going to spend another $33 billion.

How much is $33 billion a year? By comparison, the Innovative and Technology Fund was set up in 1999 with an initial injection of only $5 billion. Yet, the injection amount was considered huge at that time. To date, the total injection has only amounted to $6 billion or so, which is one fifth of the annual expenditure on various handouts. When we look at these figures, we cannot help but query the philosophy of public finance adopted by the Government.

Of course, we know that everything is interrelated. The problem originates from the habit of crying wolf. The Government has wrongly estimated its revenue year after year, thinking that it is "adhering to fiscal prudence and upholding the principle of keeping expenditure within the limits of revenue". The Government has, on average, underestimated its revenue by more than $55 billion every year. As a pattern, no expenditure is made out of this windfall of revenue, and government departments cannot formulate any forward-looking policies. Consequently, Hong Kong has turned into a place which no longer makes investments and plans for its future. The Government will only implement giveaway measures, move one step at a time, and gradually leads Hong Kong into a dead end.

Therefore, this year's Budget is dubbed a "N-nos" budget. The first "no" is "no vision for the economic development of Hong Kong". While the Budget

advocates "developing the economy and increasing employment", it has not proposed any long-term position, direction of development and concrete measures. The Government has virtually handed this duty to the Economic Development Commission to buy time. But how much time does Hong Kong still have?

Just now, even Mr James TIEN has said that, in the world of today, only four industries are profitable. The first one is technology, followed by finance, real estate and energy industries. When we discuss how to run a business, you may not believe in me, but I myself will definitely believe in Mr James TIEN. Previously, we requested the Government to formulate a policy for the future development of the science and technology industry. Yet, the Government has not listened to us. During the election, LEUNG Chun-ying promised to set up an information and technology bureau and a cultural bureau. At that time, he did not say that these bureaux must be set up after the new-term Government came to office, but everybody assumed the two bureaux would be established after the new-term Government came to office. LEUNG did not mention that the proposed establishment had to be bundled with his other proposals, such as the creation of Deputy Secretary of Department posts. However, he now blames the last-term Legislative Council for not passing his reorganization proposal and he also refuses to de-bundle the proposals. He does not even bother to kick start the consultation to seek public consensus.

Even if no policy bureau has been established, the Government should at least provide resources. During the election, LEUNG Chun-ying promised to increase government investments in research and development (R&D) to 0.8% of our GDP. Nevertheless, after his came to office, he no longer followed up on his pledge. The only support given in this Budget is a subvention of up to $12 million will be provided to the technology transfer offices of the six universities for a period of three years. Yet, this subvention is again a wrong measure as it can by no means solve the problems in technology transfer and commercialization. Moreover, the industrial and business sectors have long been asking the Government to support and encourage R&D investments, and LEUNG Chun-ying had promised to double the tax deduction for R&D investments during the election. Unfortunately, this promise has gone missing again.

While promises can vanish, the Director of Bureau, the Chief Executive, as well as the entire Executive Council, can also vanish into thin air. I am referring to the approval and issuance of free television programme service licences under the established procedure. So far, the process has taken more than 1 000 days. Yet, the Director of Bureau, the Chief Executive and the Executive Council have all vanished, leaving behind a recorder. In this incident, everybody in Hong Kong, including the general public, the relevant sector and the Government, is a loser.

In respect of education policy, another promise made by LEUNG Chun-ying has also gone. He once promised to "introduce 15-year free education as soon as possible"; but it turns out that he has only set up a committee to discuss this issue. He has not even proposed a timetable. If a student hands in such homework, do you think it will be accepted by his teacher? The Government has not done what it should have done. Yet, it has promised to do something which it does not know how to do. I am speaking of the proposed injection of an additional $480 million into the SAR Government Scholarship Fund (GSF) to set up scholarships "for outstanding local students to take degree courses or teacher training programmes in prestigious overseas universities". It is expected that about 20 scholarships will be awarded each year, and students who receive these awards must teach in Hong Kong upon graduation for at least two years. Yet, the Government, after announcing the Budget, said that the selected students must take early childhood education programmes to qualify for the scholarship.

Many people find this initiative extremely weird. Why? It is because the Government is going to spend nearly $500 million to assist only 20 students each year. While the scholarships will be awarded through a fund, this funding is absolutely insufficient with regard to the education sector as a whole. Worse still, it is spent in the wrong place. For top students who are qualified to enter prestigious overseas universities, they already have a good chance to get other scholarships. If this proposed funding is to assist needy students to take programmes which are not available in Hong Kong, I will strongly support this initiative. However, if the provision of $480 million is to be spent in such a reckless way, I would rather to spend the provision on providing more local degree places, subsidizing the provision of free pre-primary education and recruiting more teachers. It is unwise to train a small number of new teachers with an astronomical sum of money. If the money can be spent as advised,

talents will be willing to join the industry, and we can have a stable and continuous supply of good teachers.

President, a friend of mine sent me an email after the delivery of this Budget of no vision. He said, "Hong Kong lags behind Singapore in education; Hong Kong lags behind Taiwan in social creativity; and Hong Kong lags behind South Korea in visionary thinking. Ten years ago, it was hard for the Korean people to imagine they would have a female President. Hong Kong has kept on lagging behind the other three Asian Dragons, not only in the political arena, but in all aspects." It is no doubt that, over the past decade, the investments of South Korea in its network infrastructure, video game industry, wireless application, entertainment industry and electronic products have contributed to its rise today. It has already surpassed Japan to catch up with the United States. In contrast, while Hong Kong is comparable to South Korea in respect of internet penetration rate, our industrial development is monotonous. All we have are the financial and real estate industries. For Hong Kong, the last 10 years can be described as "the missing decade" or "a wasted decade". Mr Jeffrey LAM has just given the same view when speaking on the government input to R&D and the government policy on promoting the innovation and technology industry. On science and technological development, if I am the only Member to give this view, you may not trust me. Yet, you should trust Mr Jeffrey LAM.

Manpower planning and a stable supply of human resources are crucial to the development of every economy. Everyone can make such statement. Last Sunday, I learnt from the press report that some information technology (IT) graduates were planning to switch to other trade as they were not happy for getting a pay rise of 2% to 4%. Yet, not long ago, we learnt from the report of a human resources consultant that IT professionals could have a pay rise of at least 15% when changing jobs, making it hard for employers to hire staff over the years. On the part of universities, there are serious problems with the quantity and quality of students admitted to their IT and Engineering departments. What do these phenomena imply? They imply that there is a mismatch or a gap in manpower supply. Nowadays, all places in the world attach great importance to IT. Students are taught to write computer programmes in school to follow this global trend. However, it can be said that the current practice in Hong Kong is going against this general trend.

President, I think many people will agree that there is something wrong with our education system. As I have just mentioned, the lack of talents in the innovation and technology industry and the IT industry has already affected our economic development. This problem originates in the education policy of the Government. With the introduction of the Diploma of Secondary Education (DSE) Examination, one of the side effects is that some schools have abolished the computer subject (or the ICT subject). As for schools which keep this subject, fewer students have taken this subject as they are now only allowed to take two electives. In the past, science students with good academic performance would take the computer subject; but now, only a handful of students in each class will take this subject. Last night, I had dinner with Joshua WONG Chi-fung of the Scholarism. He said that my observation was right as he also noticed this phenomenon in his school. Besides, he told me that the computer subject in Form Four was still teaching students to use Excel and PowerPoint. Is the syllabus trying to drive students away? The statistics from the Education Bureau clearly show that there is a decline in the number of students taking Computer as their elective subject. Will the Education Bureau consider this trend a small problem? How will it deal with this problem? I would say that, before any good is done, the DSE has already harmed our industry and the admission to the IT department of various universities. It will further affect the manpower supply to the emerging industries which are important to the future of Hong Kong.

President, I would like to give the Financial Secretary an advice: if there are policies which have not been carefully thought out before implementation, he should pull them back before it is too late. On this point, the question is not about prestige or politics, but rather whether the Government is willing to listen and take good advice. I give this advice because I do not want to see the Secretaries of Departments and Directors of Bureaux just sit and listen to our criticism without making any changes. This is not the way things should be done.

In this Budget, the only satisfaction comes from the environmental policy. One of the big differences may be that the Government is willing to set benchmarks under its environmental policy, which is a step forward. Two weeks ago, 10-odd Members and I joined the Secretary and some other officials responsible for environmental issues to visit South Korea. We found that in South Korea, many controversial policies can be implemented. One of the

reasons is, of course, that they have a democratic system which gives legitimacy to their government. On this point, the situation in Hong Kong may be incurable owing to our existing political system. However, the Government should at least show some kind of commitment in its administration. Can the Government do that when implementing its various policies?

Let me cite an example which concerns the environmental policy. In our duty visit to Seoul this time, we visited a site. The responsible officer showed us how they used BIM, which is the "Building Information Modeling", to avoid making mistakes in construction and reduce wasting construction materials. Construction waste can hence be minimized. When I shared this case with the local sector after coming back to Hong Kong, one of the practitioners told me that he was actually the one who introduced BIM to that Korean company a few years ago. However, none of the government departments in Hong Kong have adopted this technology. This story has actually shown us how a student can surpass his teacher. In South Korea, BIM has already been widely used. Yet, here in Hong Kong, the implementation of this environmental initiative is put under the Development Bureau. It is really a pity that our government departments have such a poor collaboration and co-ordination. Throughout the years, they hold the attitude of doing less to avoid mistakes. What strengths does Hong Kong still have? Our strengths have vanished one by one. A few years later, all of them will disappear.

Lastly, we have grave concern over the poor administration of the Government. This problem roots in its lack of legitimacy, which is something cannot be obtained by suppressing opposing views or creating a fake harmony. At present, many people think that Hong Kong is getting messy and has lots of internal conflicts. Yet, the Government seems to make use of the worsening situation to incriminate us, the pan-democrats. Does the Government really think it can cheat the people in this way?

President, recently, the rudest people in town must be those who wear rainbow costumes and belong to the group with its name starting with the word "caring". Every time when they show up, they claim that they support the Chief Executive and the Government. However, they always cause destruction and disorder, and deploy all sorts of verbal violence. I really want to know if the Government and LEUNG Chun-ying agree to their behaviour. Yet, once again, LEUNG Chun-ying has not showed up. The Constitutional and Mainland

Affairs Bureau has not showed up either. In this Budget, only $7.3 million are earmarked for the consultation on constitutional reform.

A Chief Executive who comes to power through a real universal suffrage can never ignore the aspirations of the people. Therefore, if Hong Kong has to move forward, we must have universal suffrage. Our ultimate goal is to fight for a simple universal suffrage which allows "one person, one vote".

President, I so submit.

MR CHRISTOPHER CHUNG (in Cantonese): President, the Budget and the Policy Address are the two major motions which the Legislative Council has to deal with each year. They have significant impacts on Hong Kong's administration and fiscal balance in the year to come. However, regarding this year's Budget, I am afraid its limelight is stolen by the filibustering of a few Members who have proposed more than 700 amendments. The fact that some Members have repeatedly employed the filibustering tactics reflects that they are at their wits' end. All they know is to propose a large number of trivial amendments and oppose for the sake of opposition. They can hardly come up with any constructive suggestion. We must note that if the Budget cannot get passed by May, civil servants, teachers, social welfare organizations, elders, CSSA recipients and almost everyone in Hong Kong will be affected. While high officials can live on their huge savings, the grass-roots citizens who rely on CSSA will have no income and be put in a dire situation. It is really outraging to see certain Members impeding the discussions of livelihood issues time and again by means of filibustering. Their stupid acts are not just a waste of time; they will also do harm to the community without making the slightest contribution. I do not want to talk about them anymore, but will speak on home affairs, culture and arts, as well as transportation, in my following speech.

A few months ago, Chief Executive LEUNG Chun-ying emphasized in his Policy Address that the Government would be "appropriately proactive" and intervene in the market when necessary. However, in respect of developing the cultural and creative industries, I have not noticed any "proactive" move from the Government. All I see is that the Government remains to be "inactive". Why do I say so? The fact that it fails to tap business opportunities from Art Basel held next month is a case in point.

Art Basel will be held in Hong Kong in May for four consecutive days. By then, people who run some 170 top galleries in Asia and the Asia Pacific Region will gather in Hong Kong. They will not only have exchanges here but will also bring along the works of more than 2 000 artists from all over the world. With artists, representative of galleries, art historians, exhibition organizers, curators, publishers and collectors meeting in Hong Kong, Art Basel presents us with a rare golden chance to expand our art market. Why does Hong Kong not grasp this chance?

I was greatly disappointed at the Government's reply to the question I raised at the special meeting of the Finance Committee held last week. Despite such a golden opportunity, the Government does not know how to grasp the art show to expand the market for Hong Kong artists. This is because its line of thought is affected by its inherent isolated cultural and creative policy. If the Government really wants to promote performance arts and visual arts, it should incorporate them into the cultural and creative industries, unlike the present practice under which they are not considered as part of the cultural and creative industries. When culture and arts are expressed through creation, they can be industrialized. Culture and arts, creativity, as well as industrialization — the three of them can indeed be linked together to form a chain. On the other hand, industrialization can promote the development of culture and arts to generate more creativity. These three elements complement each other to create synergy and cannot be separated.

Let me take Jimmy, an illustrator in Taiwan, as an example. He started his career as an illustrator of picture books; but many of his works are now adapted for theatre, movie and animation after he has spent years on his creative business. This industrial chain, which started from creative works, has brought a turnover of over TW$1 billion. The success of Jimmy has in turn promoted the development of animation and other relevant creative industries. This is a real example of how culture, creativity and arts can work together to form an industry.

Last month, Premier LI Keqiang gave his instructions to Chinese officials at the State Council's first plenary meeting. He instructed them not to be some do-for-nothing officials who sit back and do nothing in time of peace. In view of this, I hope the SAR Government can proactively change its policy on performance arts and visual arts. It should no longer follow the old rules and do nothing new.

When everybody in the world has his eye on the Chinese art market and foreigners are so keen to open up the Mainland market, how can Hong Kong afford to stand aloof? As Hong Kong has set up government offices in the Mainland, these offices should take the responsibility for promoting Hong Kong's culture and arts. A designated post should be created for promoting cultural affairs and, together with the Arts Development Council, collaborating with the Mainland's cultural institutions to help local artists develop their businesses in the Mainland and expand the cultural industry. I believe this initiative can build up a positive image for Hong Kong as the world's cultural city.

Regarding sports development, in recent years, the Government has provided funding to district-based football teams in the Third Division. However, because of the lack of resources, this funding scheme is often criticized. In fact, a number of district-based football teams have got outstanding performance in recent years. For example, Wofoo Tai Po and the football teams of Tuen Mun, Sha Tin, Sham Shui Po and the Southern District have all been promoted to the First Division. They played in the league with dedication, and their strength, which deserves our recognition, has finally brought them to the First Division. However, promotion has also brought them with a multitude of problems. The biggest problem is the increase in operating costs. As the First Division League is more competitive, the promoted teams must keep on improving themselves through enhanced training. Sometimes, they may even have to hire foreign players. As all these require money, the teams will more or less have greater financial pressure.

In 2011, the Government allocated around $4.38 million to district-based football teams. For next year, the funding will increase to $6 million. While the amount of funding has increased, government support to football teams is still very limited. As a matter of fact, the operating cost of a First Division football team is at least six or seven million dollars a year. Comparatively, the government funding of $550,000 to each team is just a small sum. In order to raise sufficient funds, the football teams cannot just rely on the direct grants from the Government. They have to look for sponsorship everywhere. Therefore, we hope the Government can take one more step. Apart from providing direct grants, it should consider helping the football teams find sponsors. For instance, the Government may offer tax concessions to sponsors so as to encourage big and small traders who love football to support local football development with concrete action. We propose that the Government should assist district-based

football teams to develop new income sources for them to have a healthy development.

Besides, the increase in inbound visitors in recent years has caused unlicensed guesthouses and shadow guesthouses to mushroom. According to the Government's reply to the Finance Committee, the respective numbers of inspections and prosecutions made by the Office of the Licensing Authority (OLA) under the Home Affairs Department, as well as the number of convictions, in 2012 were significantly higher than those in 2011. In 2012, the OLA conducted more than 6 700 inspections to suspected unlicensed guesthouses, doubling that of 2011. These figures reflect that the number of unlicensed guesthouses is on the rise. In fact, unlicensed guesthouses can employ ever-changing new tactics. Some unlicensed shadow guesthouses are indeed run by operators of licensed guesthouses in their business expansion as they know how deep the profits can be. Meanwhile, some illegal operators run guesthouses in the form of bed and breakfast accommodation to circumvent statutory regulation; and some operate unlicensed guesthouses in the name of clansmen associations or foot bath stores.

These unlicensed guesthouses are not only unsafe for lodgers; they have also caused serious nuisance to residents. As the internal partition of unlicensed guesthouses usually cannot meet the fire safety requirements, the personal safety of lodgers is in risk. In the case where a guesthouse operator unlawfully sub-divides his flat into seven or eight rooms, each with individual bathroom and toilet, these illegal alterations will overload the building and the pipeline, causing water seepage and structural problems. If there are several guesthouses operating in the same building, they will generate a lot of waste and affect environmental hygiene.

Apart from protecting the lives and properties of residents and lodgers, we must also safeguard the reputation of our tourism industry. In this connection, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) proposes that the OLA should take a multi-pronged approach to curb the operation of unlicensed guesthouses and conduct spot checks quickly after receiving complaints from residents. It should also mount decoy operations to clamp down on unlicensed guesthouses and protect the safety of residents.

President, the harbourfront of Hong Kong is beautiful. At the end of last December, a pet garden was added to the Quarry Bay Promenade for public use. There is now one more lovely pet garden on Hong Kong Island. This garden, whose area is about 2 500 sq m, locates at the waterfront of Island East and adjoins the Quarry Bay Park. Its environment is simply wonderful. Dog lovers can take their dogs for walks on the lawn and enjoy the magnificent harbour view in the sea breeze. However, the pet gardens available in urban areas are still insufficient to meet the needs of pet owners. While an increasing number of dog lovers now live in urban areas, the number of places which allow people to walk their dogs is limited. Yet, for the pet gardens under planning, such as the one under the Deep Bay Link and close to the junction between Castle Peak Road and Fuk Han Tsuen, they are all far from urban areas. We hope the Government can build more pet gardens on Hong Kong Island and in Kowloon so that more people can enjoy the fun of raising dogs.

With regard to harbourfront, Chief Executive LEUNG Chun-ying stated in this year's Policy Address that the Government would better promote a water-friendly culture, and realize the amenity, leisure and tourism potential of the harbour and coastal areas. He also said that the Government would set up a Harbourfront Authority and provide financial support to create a Victoria harbourfront for the people. However, in this Budget, the Financial Secretary has not touched on the provision for this new harbourfront project. In my view, a number of places along the waterfront of Hong Kong Island are worth developing into promenades, especially the large spaces on the seaside of Kennedy Town and the Eastern District. As early as 2011, the Government had started its study on developing the area between the Chinese Merchants Godown and Cadogan Street in Kennedy Town into promenade and open space. At that time, the DAB proposed linking up the Kennedy Town Promenade with the area near the Western Wholesale Food Market.

Regarding the waterfront on Island East, several promenades have already been built along the Quarry Bay Park, Sai Wan Ho and the Shau Kei Wan Typhoon Shelter. The Hong Kong Island East Harbour-front Study carried out by the Planning Department was also completed in March 2012. As for how the various promenades can be linked into one, the Government should give its proposal and the necessary funding as early as possible. I think it is best for the promenade in Island East to be extended to the seaside of Causeway Bay so that residents in Island East can walk from Shau Kei Wan to Wan Chai.

As the construction of promenade is vital to district enhancement and tourism development, I hope the Government can step up its efforts in carrying out these projects.

While we have got promenades, we should have parks as well. The Government should now commence a study on the conversion of the Victoria Park. We hope the Government can capitalize on the potential of the Causeway Bay Typhoon Shelter by preserving the traditional features of boat dwellers and reviving the delicious cuisine of the Typhoon Shelter. The Victoria Park should then be extended to link with the Typhoon Shelter to create a new harbourfront attraction.

Lastly, I would like to talk about transportation. In paragraph 89 of the Budget, the Government has stated that it will continue to take forward infrastructure projects and increase its relevant investment. I hope the Government can extend the railway network to Siu Sai Wan to meet the transport needs of nearly 60 000 residents in the district. As the Government has a huge fiscal reserve of about $600 billion and is the largest shareholder of the MTR, we hope the Government can exercise its influence on the MTR and set up a fare stabilization fund with the dividends it receives from the MTR every year to avoid people's livelihood being affected by the annual fare increase.

The Policy Address proposed the plan of increasing the toll fees for the Cross Harbour Tunnel (CHT) and reducing those for the Eastern Harbour Crossing (EHC) to alleviate the congestion at the former. I am afraid this plan will just cause conjestion in the EHC without shortening the vehicle queues at the CHT by much. At present, the queues at the EHC are already very long in peak hours, reflecting that the EHC has reached its maximum capacity. Therefore, the DAB suggests improving the plan by reducing the toll fees for the EHC without adjusting those for the CHT. This is to avoid a sudden surge of traffic at the EHC, jamming the EHC and the Island Eastern Corridor. In the long run, the Government should study the feasibility of constructing the fourth cross-harbour tunnel *(The buzzer sounded)* …… with its huge fiscal surplus.

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

MR CHRISTOPHER CHUNG (in Cantonese): I so submit.

IR DR LO WAI-KWOK (in Cantonese): President, the 2013 Budget is the first Budget of the current-term HKSAR Government. On the whole, I think the Budget is pragmatic and prudent, and has also responded to issues of widespread social concern. In areas such as support to small and medium enterprises (SMEs), assistance to the middle class and alleviation of people's hardships, the Budget has taken on board some of the views of various sectors, including the proposals put forward by me and six other Members from the Business and Professionals Alliance for Hong Kong, such as returning the profits tax to SMEs and extending the period of the concessionary measures under the SME Financing Guarantee Scheme. The Budget has also proposed a number of one-off relief measures for the needy but the extent of assistance is not as strong as expected.

There are quite a number of areas in the Budget that are quite disappointing, particularly its failure to put forward effective measures to resolve the problems relating to the deep-rooted conflicts in Hong Kong, such as high land price policy and wealth disparity. I hope that the Government will suit the remedy to the case, and made greater efforts to introduce more policy measures conducive to promoting economic growth and improving the people's livelihood. Next, I will reflect some of the views and suggestions of the industries and society on a number of topics that warrant our greater concern.

Regarding the infrastructural planning and work projects, the SAR Government has consistently increased the investments in infrastructural works in the past several years, which has a very positive effect on promoting the development of the local economy and creating jobs. My colleagues in this Council will keep a watchful eye on the progress of various infrastructural projects that are already underway or about to commence, including the Hong Kong-Zhuhai-Macao Bridge (Hong Kong section), the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the West Island Line, the South Island Line (East), the Kwun Tong Line Extension, the Shatin to Central Link, Liantang Boundary Control Point and the Tuen Mun-Chek Lap Kok Link.

The supply of land and housing is vital in the overall city planning. At present the insufficient land reserve has severely hindered the economic

development and housing supply. The 2013 Policy Address has put forward 10 measures to increase the supply of residential sites in the short to medium term. The authorities have also decided to abolish the Application List system starting this year so as to resume the initiative in land supply. This measure has the support of the community. Concerning the 46 residential sites for the construction of about 13 000 units, nine commercial sites and one hotel site, the authorities will draw up detailed plans on implementation of works. The Chief Executive said that the Government is committed to assisting grass-roots families in moving into public housing and the middle-class families in buying their own homes. But according to the housing plan as announced, the authorities will attach more importance on increasing the supply of subsidized housing in the short to medium term, hence the aspirations of the middle class for home ownership will not be well taken care of. I urge the SAR Government to further consider the aspiration of the middle class for home ownership in its housing plans.

Another important function of increasing land supply is to meet the needs of our economic development. For example, though logistics is one of the four pillar industries in Hong Kong, there has all along been a shortage of land for the construction of relevant facilities. Prof Anthony CHEUNG, the Secretary for Transport and Housing, advised at a special meeting of the Finance Committee that a third site in Tsing Yi designated for logistics use had been put up for public tender on 28 March, and 10 hectares of land in Tuen Mun West had also been reserved for high value-added logistics use. To the logistics industry, its long-term demand has been met. We hope that the authorities will expeditiously set a specific timetable for the logistic industry to use Areas 38 and 49 in Tuen Mun.

As regards increasing land supply in the long run, the authorities will take forward a number of projects, including the implementation of the new development areas in North East New Territories, reclamation on an appropriate scale outside Victoria Harbour and the development of rock caverns and underground spaces. Basically, I support these projects. However, members of the engineering sector and I have advised the Government time and again that it has to conduct and implement a long-term infrastructural planning, not only to increase sites for development and housing supply, but also provide the supporting facilities such as the transport network and municipal facilities. It should also conduct an analysis on how different projects affect the manpower

supply of professionals in different areas of work, so as to make proper professional support, such that the shortage in manpower supply would not hinder the projects from rolling out.

President, as a matter of fact, the construction industry is already faced with manpower shortage. With the major infrastructure projects and other projects entering the construction phase in the next few years, the shortage will be even more acute. At the Special Finance Committee Meeting on 10 April, Mr Paul CHAN, Secretary for Development, said that the authorities have been monitoring this problem closely and have taken various initiatives to enhance the training programmes and attract new entrants to the construction industry. I have raised an oral question concerning the manpower development of the construction industry, reflecting the worries of the industry, and urging the authorities to look squarely at the problem and draw up contingency plans. Members of the industry have reflected that some of the work types, such as bar fixing and plank fixing, are constantly short of labour even with the adoption of the measure of "first-hire-then-train" and a pay rise. The authorities need to consider taking appropriate measures to cater for the manpower needs of the infrastructural development and housing construction in the future such as appropriately streamlining the procedures of the Supplementary Labour Scheme according to the real situation while priority is given to the employment of local workers. To implement the various infrastructural projects smoothly, the Government must ensure that there are sufficient civil servants in the professional grades within its establishment and various supporting resources are available, so that various projects can be implemented in a systematic manner supported by the relevant policies, talents and resources.

President, in respect of industrial development, although the Budget has put forward some measures to consolidate the four pillar industries and develop other merging industries, it has not proposed any forward-looking industrial policies to demonstrate that the Government has foresight and vision. The industry is quite disappointed. The Chief Executive has clearly indicated in the Policy Address that the Government will give impetus to the development of the innovation and technology industries; foster co-operation among the Government, industry, academia and research sectors; and inject additional resources when necessary to create a favourable environment for their development. However, the Budget only mentions about providing the six universities with a subvention of up to $12 million each through the Innovation and Technology Fund for a period of

three years to support the work of their technology transfer offices, and also the study of the overall strategy for promoting Hong Kong as a hub for intellectual property trading. The Budget has made no response to the proposal put forward by me and other members of the technology sector regarding providing a double or triple tax deduction for the enterprises' research and development fund to encourage the enterprises to engage in research and development; increasing the investment in technology infrastructure to attract the industry to perfect the mobile Internet and expand the regional data centres; as well as providing low interest loans to young entrepreneurs as business start-up funds. All these indicate that the Financial Secretary has made little effort in providing resources to meet the needs in these areas.

President, although Hong Kong is a tiny place, its standard of scientific research enjoys high level of international status. While we have world-class scientific research experts and also laboratories of the national level, regrettably, the Government has not given sufficient publicity to these achievements and they are little known among the general public. To steer Hong Kong toward a knowledge-based economy, the Government must allocate additional resources to enhance the publicity and promotion, and change the society's general trend of "attaching importance to financial tactics but not technologies" so as to encourage the new generation to make a career in the technology industry.

On 28 November last year, the Legislative Council passed the amendment I proposed to urge the Government to make a decision on the issuance of additional free television licences before March this year and issue the licences as soon as possible. However, Secretary for Commerce and Economic Development Mr Gregory SO was silent about the broadcasting policy at the special meeting of the Finance Committee on 10 April and he did not give a definite answer to my question, which is totally baffling. As the cultural and creative industry is one of the industries where Hong Kong enjoys clear advantages, providing a favourable environment for the local free television industry where they can have fair competition and sustainable development is conducive to the development of the creative media and increase employment opportunities for young people.

In respect of the promotion of environmental protection, the Financial Secretary has announced that $10 billion has been set aside to progressively phase out heavily polluting pre-Euro IV diesel commercial vehicles and $5 billion has been injected into the Environment and Conservation Fund to provide support for

green projects initiated by the community. The provision is very generous indeed. However, our environmental protection policy still lags far behind the aspiration and vision of the people and the industry, particularly in the area of promoting green industries and developing the recycling economy, neither the Policy Address nor the Budget has gone into much detail. At the special meeting of the Finance Committee on 9 April, Mr WONG Kam-sing, Secretary for the Environment, advised that the general direction of the policy was waste reduction and produce usable resources. The industry and I do agree on this point but the key is how to put this into practice effectively.

The environmental protection industry is one of the industries that Hong Kong enjoys a clear advantage. The Government should explore comprehensively how to take this industry and the recycling economy forward, plan for their sustainable development, set a clear goal and draw up the roadmap. I have urged the Government to build expeditiously advanced recycling plants, such as plants for dismantling waste electrical appliances; it should also construct the most advanced incineration and recycling facilities which adopt the technology of generating renewable energy of waste-incineration power for the benefit of the environment and energy efficiency.

This Council passed a motion on 27 March to urge the Government to eradicate "gutter oil" and take the lead in supporting biodiesel. I pointed out in my speech that biodiesel is a renewable energy which can be extracted from plants, tallow or used cooking oil. However, there is not a well-developed and comprehensive system for the recovery of used cooking oil, production of biodiesel and marketing channels for the product. Whether there will be room for development of biodiesel in the future in Hong Kong will mainly depend on the attitude of the SAR Government and whether it will introduce supporting policies and measures.

Many places in the world have already enacted legislation to promote the use of biodiesel. For example, in the United Kingdom, starting from 2012-2013, biofuels are set to make up 4.5% of its transport fuel. The European Union has set the goal that by 2020, 10% of the energy used by land transport must be renewable, such as biodiesel, electricity and light fuel batteries. I think that the SAR Government not only needs to learn from the experience of the development in advanced places but also has to formulate long-term plans, which include

building supporting facilities on land, for the development and utilization of the new energies.

President, it should be justifiable for the Budget to adhere to the principle of prudent financial management, but as the Government has estimated that as at the end of March 2014, the fiscal reserve will reach $729.1 billion, it should appropriately and proactively introduce some forward-looking policy measures with long-term effectiveness. It should also invest in the future, so that the economy can maintain a sustainable development and the people's livelihood can continue to improve. That will gain more recognition and applause from the people than the one-off measure to hand out candies.

With these remarks, President, I support the Budget.

MR CHAN HAK-KAN (in Cantonese): President, I will speak on issues concerning environmental protection and housing development as mentioned in the Budget. President, in many backward places, the feature of their environmental protection industry is "recovery but not recycling". In the absence of capital, technology and market, those places can only adopt the elementary work process of employing workers to recover all waste products that are recoverable, pack them up and export them to other places. Ironically, this operation mode of the environmental protection industry of the third world is being adopted in Hong Kong.

President, with the landfills almost filled to capacity, we think the solution is not restricted to extending landfills or building more incinerators, but reducing waste and recycling. I wonder if the Government is aware of the difficulties faced by the local environmental protection industry. As far as I can see, all along there has been only recovery but not recycling in Hong Kong. Actually, the relationship between recovery and recycling is like selling the resources and processing the product to add value to it. The economy will never be developed by only selling the resources. Only through processing the resources to add value to them can there be business and employment opportunities. The so-called environmental protection industry in Hong Kong only involves recovering the waste that is recyclable, then pack them up and ship them to the Mainland or other places. As a matter of fact, the total recovery rate of

municipal solid waste in Hong Kong every year is 48% but the material recycled is only 1%. Why is the rate so low?

We are producing more and more rubbish, which has great negative impact on the environment and it also bears a social cost. Besides, it costs large amounts of taxpayers' money to dispose of rubbish. Instead of using social resources and money to dispose of rubbish, why not make good use of our resources to support the local recovery and recycling industry? Frankly speaking, the Budget this year has no new input in the promotion of the environmental protection industry. Although we have the so-called EcoPark, the enterprises in the Park have difficulties in the areas of supply and demand. In respect of supply, the recovery rate of many recyclable materials is low. Many materials such as used plastic and glass are just dumped into the landfills. With such an unstable and insufficient supply of raw materials, it is not difficult to imagine how hard it is for these enterprises to operate and how low their operation efficiency is.

In respect of demand, the local market for green products is not yet mature. I have conducted a detailed study on the recovery of food wastes and I find that the biggest problem is not about the technology but the market of the end products. The compost made from food wastes is mainly for own use and the extra compost is given away. That is to say, that if there is no market for the products made from the recycled materials, no commercial organizations will invest in the relevant industries. Hence, the products must have a market and they must be sellable in order to attract commercial organizations to produce them.

In respect of procuring green materials, the Hong Kong Government does not follow the principle of fairness and accord priority to locally produced products. Although some government departments can make their own decision with regard to the procurement of green products, they are not required to give priority to products produced by the local recycling industry. We understand that these products may be more expensive but if the Government only concerns about the price, it will never buy locally produced products. Looking from another angle, although these green products may be slightly more expensive, purchasing them will reduce the overall social cost and benefit the whole community. Therefore, I urge the Government to follow the practice of Europe and Japan to enact a labelling law for green products as soon as possible, so that

consumers and government departments can distinguish the green products in procurement and give priority to locally produced green products.

President, in his Budget speech, the Financial Secretary said that he would capitalize on Hong Kong's advantages to develop business opportunities involving the Mainland environmental protection industries. I would like to point out that our environmental protection industries do not have much competitive edge. It is hard for us to request Mainland businessmen to buy our green products when even Hong Kong people themselves do not use their own products, how then can we convince others to use our products? Therefore, concerning the development of the recycling industry in Hong Kong, the Government must keep its feet on the ground and look squarely at the difficulties faced by the recycling industry, increase the recovery rate of all waste products or recyclable materials, systemize the procurement of green products and fully support the local recycling industry.

While the Government has not allocated funds to support the environmental protection work, it has injected capital into the Environment and Conservation Fund, thinking that problems can then be resolved. One should note that projects subsidized by the Fund are actually very small in scale. For large-scale environmental protection projects, the support of government policies is needed. Since the Government has injected capital into the Environment and Conservation Fund, my suggestion is that it should seriously examine the projects subsidized by the Fund, so as to find out which projects from which lessons can be drawn, which projects are worth developing, which projects can be improved and enhanced, as well as which projects should be implemented or scrapped. We should learn from these precious experiences and extend them to the territory-wide environmental protection policy.

President, in respect of reduction of carbon emissions, roadside air pollution is an issue that the Budget has made relative positive response. However, as regards how to promote the use of biodiesel, how to encourage the public to take more bicycle rides, how to improve the bicycle lanes, how to encourage the more extensive use of renewable energy, as well as how to identify areas of work that are essential and that can be enhanced in respect of the overall policy on reduction of carbon emission, all these require resources and stronger policy support. I hope that the Government will pay special attention to these issues.

President, next I want to talk about the issue of land supply and housing since both the Secretary for Development and Secretary for Transport and Housing are present. I welcome the Government's tactics of engaging all people to identify more land for housing development. The Financial Secretary has mentioned that $4.5 billion will be allocated in the coming five years to develop land, but as the head of the Steering Committee on Housing Land Supply, he has not proposed any new ideas or significant policies concerning the supply of land. The $4.5 billion used for identification of land is not a small amount but it is only spent on studies on reclamation on an appropriate scale outside Victoria Harbour, the development of caverns and opening up of new development areas. If colleagues in this Council have followed up the Kai Tak Development, the "Three-in-One" New Development Areas and the development of a pollution-free zone in Hung Shui Kiu, they should know that these studies will hardly yield any results within three or five years. When results are available, it will take several years for detailed designs and consultation. If the consultation goes smoothly, it will take a total of eight to 10 years to have the land ready for use. These are too remote to meet the imminent needs.

On the other hand, among the 46 residential sites on the Land Sale List, 21 sites have an area of less than 0.5 hectares, which is only enough for the construction of one block of public rental housing. Another 22 sites have not yet completed the modification procedure. In other words, the land supply in the short run is very tight. We can see that the Government is trying desperately to identify housing land. We think it is appropriate for the Budget to plan ahead and make preparation for the long-term supply of land, however in the face that we will continue to suffer from high property prices and high rentals in the near future, the Government still needs to take 10 years to study the land supply, the people will have the impression that they are being fed on illusions.

Therefore, I think the Financial Secretary should allocate more resources to deal with land supply in the short and medium term, such as expediting the completion of the review on land resumption compensation and rehousing policies, deploying more manpower to process the planning applications, modifications of land lease and building plans, as well as examining how to enhance the new development areas, such as raising the plot ratio of Kai Tak Development area, the remaining development areas in Tung Chung and the two new development areas in the New Territories. I believe that if the authorities

allocated more resources to increase land supply in the short and medium term, it could better satisfy the prevailing public aspiration.

Recently, the Government announced the abolition of the Application List system which had been implemented for 14 years, as a gesture to indicate that it attaches importance to land supply as mentioned in the Policy Address. With the abolition of the Application List system, the limited land resources can be released and the Government's determination to resume the leadership in land supply can be manifested. However, to truly control the supply of land, the crux may not be limited to how the land is sold, but rather whether a stable supply of various types of land can be maintained.

The Financial Secretary has been criticized constantly by the community and our colleagues for making wrong estimates about the fiscal surplus in each financial year, being "low at the start and high in the end" in estimating the surplus. As regards land supply, however, his estimate is "high at the start and low in the end" each year. In the 2011-2012 Budget, the Financial Secretary forecast the land sale and the estimated number of residential flats to be 35 400, and he even described the land supply as "far exceeding the target of an annual average of 20 000 flats", but what was the result? In reviewing the land supply in 2012, he significantly adjusted the number downward, from 35 400 to 21 200 flats, a reduction of 40%. How about the last financial year? At the announcement of the Budget, the number of flats was forecast to be 29 800 but at the review in late February, it was adjusted downward to 19 300, a reduction of 35%. In this Budget, the Financial Secretary again forecast that there would be 25 800 flats. With the target of 20 000 flats being set by the authorities, I very much hope that the number would not be underestimated again.

As a matter of fact, the annual supply of residential flats depends on a number of factors. Apart from the Government's initiation of land sale, there are other factors, such as the development projects of the MTR Corporation Limited (MTR), the Urban Renewal Authority projects, private development projects and other projects involving lease modification. Regarding whether private developers will apply for lease modification, whether redevelopment will be carried out and when it will be carried out, many uncertainties are involved which can hardly be controlled by the Government. However, if we compare the figures, we can see that the discrepancies in land supply and residential flats completed are mainly due to insufficient land sold by the Government and

aborted tender for the MTR development projects. In the year 2011-2012, it was forecast that 30 600 flats could have been built on the land released to the market by the above two methods, but eventually only 14 500 flats were built, which did not even reach half of the target. In the year 2012-2013, it was forecast that 24 000 flats could be built, but in the end only 15 200 flats were built, a reduction of 40%.

Therefore, since the Financial Secretary is the head of the Steering Committee on Housing Land Supply, and that the Government is the major shareholder of MTR, he should, in announcing the annual land sale plan, provide further information about the land reserve for the next few years, so as to boost the market's confidence in the government policies on providing a steady supply of land. Secondly, the Government should make available to the market the amount of land as announced. Otherwise, with an overestimation of land supply every year, it will affect the confidence of the whole market and the public in the Government and jeopardize the stability of housing supply in the long run.

President, I so submit.

MR KENNETH LEUNG (in Cantonese): President, this year's Budget was prepared under the long-established principle of prudent financial management. Under this principle, the Budget continues to strictly contain the growth in expenditure as before while neglecting the demand in society for increasing the recurrent expenditure. In paragraph 143 of the Budget, it reads, "Hong Kong must draw a lesson from them. We must maintain effective fiscal management and discipline by adhering to the principle of keeping expenditure within the limits of revenues and allocating resources where they are required." According to the Government, this principle is based on the philosophy of prudent financial management and the concept of "big market, small government". The Government has also drawn from the lesson after the financial tsunami that many countries have fallen into financial difficulties due to their overspending on welfare measures.

President, these remarks seem to attribute the aspirations of society and the public for an increase in public spending to welfarism, and place the increase in spending and free market economy as two opposing concepts, and conclude that blindly increasing the expenditure will result in the Government having

difficulties in utilizing the resources effectively or may even lead to a financial crisis. I cannot agree to this viewpoint.

The Government has had an annual surplus of tens of billions of dollars in recent years. The latest surplus has amounted to $729.1 billion. On such a foundation, the Government should take full advantage of the current favourable financial situation to make long-term social investments and planning. Just like a successful enterprise, it has to have proper financial arrangements and cost control, and having too much liquid cash on hand may not be conducive to the long-term growth and returns of the enterprise.

Next, I will talk about how to make long-term investments and increase the returns. Broadly speaking, I am dissatisfied with the Budget in three aspects: first, it lacks a long-term social welfare policy and only relies on the Community Care Fund as the primary poverty alleviation measure. Does that mean the Government has no policies and thus prepares to out-source the poverty alleviation work?

Second, from the perspective of the middle class, the policies proposed in the Policy Address and the Budget cannot suit the remedy to the case, such as the sky-high property prices, the quality and quantity of children's education and the ever increasing education costs. Concerning these two issues, many colleagues have already put forward many views and I do not want to repeat them here. Today, I wish to talk about the economy, that is, the problem about the Government's failure to allocate adequate resources and provide policy incentives for the promotion of long-term economic development in Hong Kong and the development of new industries and markets.

Concerning economic development, when the Government conducts a cost-benefit analysis or when government departments request for funds, we normally concentrate our discussion on the pecuniary costs of the policy or the project concerned. However, even if the cost can be assessed in monetary terms or money has been spent on assessing its effectiveness, we cannot leave out some non-pecuniary costs. What are these costs? They include problems such as environmental pollution, unfair distribution of resources and inadequate university places. These are also the non-pecuniary costs of our community. A mistake made in the direction of the economic policies will not only increase the pecuniary costs but also the non-pecuniary costs in society.

In the past decade, we have relied heavily on tourists visiting Hong Kong under the Individual Visit Scheme (IVS tourists) to spend money to stimulate our economy. This over-reliance on the economic benefits generated by the IVS tourists or even by the normal tourism has led to the hollowing out of our industries, making them homogenous, and their negative impact are gradually emerging. Under the current situation where the long-term development of the world and Mainland economies are full of uncertainties, over-reliance on one particular industry, such as tourism, is rather dangerous to the overall economic structure of Hong Kong.

The Budget has gone to great lengths to expound on measures to support the logistics and financial services industries, an indication that the main objective of the Government remains to be consolidating the existing industries. The Government in every term talks about promoting industrial diversification and the development of emerging industries but most of those proposals remain at the discussion stage. The relevant committees have been established but this Budget has no mention of the substantial policy direction.

The Financial Secretary points out in the Budget that "the current-term Government will continue to count on market forces and act in a rational and pragmatic manner in collaborating with the market to grasp development opportunities and create a better business environment to foster robust economic growth underpinned by our established strengths and foundations." On the face of it, these remarks seem to be quite reasonable but what policies has the Government adopted to realize the above goals? Has the Government set any goals? To promote economic diversification, it may not be necessary for Hong Kong to follow the example of Singapore where the government goes all out to promote specific industries but it does not mean that our Government can look on with folded arms and only rely on the market to adjust itself.

Let me cite an example. The recent labour dispute at the container terminal has shed light on the long-term economic development in Hong Kong, indicating the problem of monopoly. In Hong Kong, 80% of the container terminal business is monopolized by HIT. In the absence of competition, grass-roots workers have no bargaining power and they have little job mobility; as a result, they cannot fight for a more reasonable pay level in a favourable and level playing field. Their overall pay level is low, which stirs up social conflict and division, and that is exactly a non-pecuniary cost.

On the whole, to promote industrial development, the Government must have foresight and think out of the box. After conducting comprehensive feasibility studies and with full participation of the public and the business sectors, the Government can formulate a specific policy direction for the development of new industries and new markets. At the same time, it should also enact legislation to safeguard the development of a free market and ensure all trades and industries can compete in a level playing field so as to maintain a fair and transparent business environment.

President, next I wish to talk about the non-pecuniary costs. I mainly want to point out the environmental issue. Economic development has brought about many non-pecuniary costs. The environment of Hong Kong continues to deteriorate. We can see that the air pollution index has risen rapidly to record-high levels in recent days and poor air quality has affected Hong Kong's competitiveness as a regional commercial hub. According to the Financial Secretary's Budget, the Environment Bureau's recurrent expenditure in 2013-2014 is estimated to be $72.7 million, an increase of $9.75 million as compared to 2012-2013 and that amount does not include the $10 billion set aside for phasing out the diesel commercial vehicles and the $5 billion to be injected into the Environment and Conservation Fund.

The Government has not provided other economic incentives for the development of environmental protection industries. All along, it has only relied on the people to take the initiative, which leads to the stagnant development of Hong Kong's environmental protection industries. The Government cannot just inject capital into an environmental protection fund and shift the responsibility to the community groups, it should allocate more resources to the studies on the market operation of the environmental protection industries and the economic ecology. As a matter of fact, our community does not have one single environment problem, as problems in various sectors are all interrelated. Therefore, the right approach is that the Government should formulate policies that dovetail with the overall package and then provide economic incentives to create a market that can attract the commercial sector to make investments. To enhance the efficiency, the environmental industries must be run on a commercial basis.

Hong Kong's past development mode of promoting economic growth by consumption and production has done serious damage to our environment.

Waste management is a pressing problem facing Hong Kong and reduction of waste at source is the only way to tackle the problem at its root. Besides expediting the enactment of legislation for the mandatory levy on residential and commercial waste, the authorities should also enhance people's environmental awareness through other channels, such as through a softer approach by educating the public through product design, which is more effective than traditional education or forcing the message onto the public in a traditional manner. Only by helping Hong Kong people to develop the habit of reducing waste and recycling can the goal of continuous reduction of waste at source be reached. These measures are also conducive to promoting the development of the local creative industry.

Compared to other regions or countries in the world, the annual carbon emission per capita in Hong Kong is 6 tonnes of carbon dioxide. President, the figure is 6 tonnes. Low carbon energy is another important key to improving air quality. In the long run, the Government needs to formulate a sustainable carbon emission indictor, emphasizing on the development of demand-side management of electricity, set a long-term fuel mix and introduce feasible policies such as tightening the requirement on energy efficiency of buildings and related facilities.

Hong Kong must not rely overly on foreign countries to support its environmental protection policy. I am not talking about shipping the waste that we do not want to other countries or the Mainland. It is immoral to do so. We should create business and job opportunities through the local market of environmental protection industries, the people's green lifestyle and agriculture. Moreover, the Government should also provide more long-term incentives to promote the construction of green buildings and provide more funding to the energy efficiency pioneer projects. It should also promote the recycling of waste materials more vigorously and establish a system to facilitate capital flow. Revenue generated from the future levy on waste and money from the environmental protection fund can be used to finance the operation of the environmental protection market.

Long-term economic development has both positive and negative impact. However, while we recognize the overriding importance of economic development, we have made no commitment toward our environment, justice and social system. In respect of environmental protection, as long as the Government has the determination to take the lead in pushing the environmental

protection industries forward and adopt policy measures that are convenient to the public and not time-consuming, I think the public will also fulfil their civic duty and continue to lead a healthy and green lifestyle.

President, I so submit.

MR GARY FAN (in Cantonese): President, on behalf of the Neo Democrats, I propose seven amendments to the Appropriation Bill 2013 which include slashing six months' emoluments of the Chief Executive, Secretary for Security and Secretary for Development; slashing the estimated operating expenses for the South East New Territories Landfill for the entire year; slashing about a year's expenses on specialist supplies and equipment for the Police Force; slashing one year's promotion cost for the Hong Kong Tourism Board in the Mainland market; and finally slashing the expenditure for the Transport Department on the Ad Hoc Quota Trial Scheme for Cross Boundary Private Cars for the entire year.

President, the Neo Democrats thinks that this year's Budget is only an extension of the conservative and foresight-lacking fiscal policy of the Government in the past few terms. In my view, this Budget can be described in the words of the Financial Secretary, "I have my fortune to guard and you have your hardships." If the Secretary belongs to the middle class, I am a poverty-stricken Member of the Legislative Council who has to commute on the crowded MTR every day. I think the relief measures have very limited efficacy and this Budget lacks a long-term planning and solid policy to address the deep-rooted conflicts in Hong Kong, such as wealth disparity, housing problem, real estate hegemony, and so on. This is a collective dereliction of duty on the part of the high-ranking officials, and they are all a bunch of "five have-nots" who do not have the commitment, the guts, the backbone, the resolution as well as forward-looking policies.

President, my first amendment concerns slashing the emolument of the Chief Executive. Among the political dignitaries around the world, the Chief Executive of Hong Kong is one the few earning the highest emolument. But his emolument is disproportionate to his performance and commitment. More importantly, many policies launched by LEUNG Chun-ying, our Chief Executive, since his assumption of office have aroused great controversies, leading to social conflicts and division, as well as affecting the basic rights and interests of the

Hong Kong people. The implementation of the "brain-washing" national education, the interference with editorial independence of RTHK and "selling out Hong Kong" through the North East New Territories New Development Areas project are all examples of the policies that undermine Hong Kong's core value. Hence, the Neo Democratic proposes to slash the Chief Executive's emoluments for six months.

My second amendment concerns the Secretary for Security who has failed to properly address the abuse of power by the police, connived at the police's suppression of peaceful demonstrators over an extended period in the past, and ignored the serious impact caused by parallel traders and smugglers on the daily life of Hong Kong people. When Hong Kong mothers were worried about the shortage of formula milk powder for their babies, he just turned a blind eye to the problem without making any proactive intervention. President, the "Windsand" operation of the Immigration Department, the "Realpower" operation of the New Territories North Regional Police, as well as the "Shield of National Gate" operation jointly launched by the customs authorities on both sides of the border, had all failed to deter the organized parallel trading and smuggling activities. Finally, early this year, it was the Secretary for Food and Health who made amends for the blunder of the Secretary for Security and introduced the "restriction on the quantity of powdered formula". President, it has been reported today that parallel traders have now smuggled Japanese baby diapers, causing a shortage of these goods. Does Hong Kong just patch things up and take stopgap measures every time and add to the pressure faced by front-line disciplined service officers? Because of the incompetence of those at high levels, front-line staff have to bear the brunt. As the head of the disciplined services, the Secretary for Security has to bear full responsibility. Therefore, the Neo Democrats suggests slashing the Secretary's salary for six months.

The third amendment concerns the Secretary for Development. Soon after he assumed office, the Secretary was drawn into the "sub-divided units" scandal. In respect of the North East New Territories development project, he has totally disregarded the strong opposition of Hong Kong people. This project and the Liantang Control Point project are in fact implemented under the policy of "East-in, East-out" under the National 12th Five-Year Plan, an indication of the Government's forfeiting Hong Kong's autonomy in planning. Also, concerning the land in Fan Ling North, the site reserved for the development of public housing only takes up a small fraction of the entire lot, and the Government has

not promised the proportion of land reserved for "Hong Kong property for Hong Kong residents", making us suspect that this plan is to "sell out Hong Kong". As regards the development of Kwu Tung North, given that as much as two thirds of the area will be used for private development, we are very much worried that this project does not cater for Hong Kong people. Hence, in my capacity as a representative of the people, I propose this amendment to request to slash six months' emolument of the Secretary for Development as a punishment for his dereliction of duty and to ensure that public funds are properly used.

In the fourth amendment, the Neo Democrats proposes to slash one year's estimated operating expenses for the South East New Territories Landfill. This amendment is actually proposed on behalf of some 400 000 Tseung Kwan O (TKO) residents. We request the Government to make a clear promise that it will close the TKO Landfill within its lifespan. Since the 1980s, TKO residents have fulfilled their civic duty for over two decades, but in return, they have to tolerate foul odour and suffer from air pollution every day. The nuisances do not only come from one landfill, there are altogether three landfills in the district. The total planned area of TKO is only about 1 500 hectares but over 150 hectares are used as landfills. Landfills make up one tenth of the whole area. We think that TKO residents have suffered enough. Hence, the Government should formulate expeditiously the strategy of reducing waste at source and waste management and it should no longer rashly extend the landfills. Seeing that Secretary WONG Kam-sing is seated here, I would like to reiterate on behalf of TKO residents that we are against the extension of the TKO Landfill.

President, now I want to talk about the fifth amendment. We think that the police have abused their power in many massive demonstrations in recent years. What do I mean by abuse of police power? That is, the police use pepper spray indiscriminately. Last year, when State leader visited Hong Kong, the police even used water barriers to besiege the demonstrators and had unnecessarily used large canisters of pepper spray on demonstrators. Afterwards, the police refused to disclose, under various excuses, to the legislature, the media and the public on the annual expenditure on supplies such as pepper spray, water barriers and even the sound cannons that we discussed this year. Hence, the legislature cannot exercise its function of monitoring whether the Security Bureau or the Police Force has effectively used these anti-riot weapons that, in our view, can cause serious harm. As the Security Bureau refused to answer any of the questions, we have reasons to doubt whether the

Police Force has solid justifications to purchase the above equipment and whether the Police Force has purchased the relevant supplies through normal channels. Hence, out of our concern for public interests, the Neo Democrats proposes to slash the annual expenditure for the Police Force on specialist supplies and equipment.

President, my sixth amendment concerns the Hong Kong Tourism Board (the Board). According to government statistics, in each of the past three years, the Board spent over $50 million to promote Hong Kong tourism in the Mainland. The problem at issue is, starting from 2007, Mainland tourists have taken up more than one half of the total number of tourists in Hong Kong. In 2012, in every four tourists, three are from the Mainland visiting under the Individual Visit Scheme (IVS tourists). At present, tourism in Hong Kong is tilted and unbalanced and is developing towards an increasingly narrow scope. If we spend over $50 million a year to promote Hong Kong in a single country, just to attract Mainland tourists to Hong Kong, it will not be conducive to the development of tourism in Hong Kong, and may even give rise to negative impacts. Moreover, with a large inflow of IVS tourists, especially after the implementation of the "multiple-entry permit" in 2009, Hong Kong has to face a serious problem of parallel traders and smugglers, causing great disruption to our living space, public order and environmental hygiene. They even scramble for certain daily necessities. This situation is hard to imagine but it is a true fact. Therefore, the Neo Democrats urges the Government to first review Hong Kong's capacity to receive tourists and then adjust its strategy toward the development of tourism in Hong Kong according to the relevant data.

President, I have raised a written question today concerning the numbers of tourists entering Hong Kong on multiple-entry permits and IVS tourists but the response I got was that the relevant authorities were reluctant to answer the question. I even suspect that the Government has deliberately withheld some data, making us unable to grasp the real situation.

President, it is my wish that tourism in Hong Kong can flourish in all ways and guests from all ends of the world are welcome. Only a diversified development can be sustainable. It should not be like the situation today where we are relying on a single market to promote the development of tourism. Too many IVS tourists will turn Hong Kong into a supermarket for the Mainland people. Is that what people of Hong Kong want? The answer is apparently in the negative. Therefore, the Neo Democrats proposes to slash one year's

promotion cost for the Hong Kong Tourism Board in the Mainland market to make the relevant authorities promote Hong Kong's tourism in a balanced and fair manner.

President, last of all, the seventh amendment, which is about the Transport Department. We propose to cut the annual expenditure for the Transport Department on the Ad Hoc Quota Trial Scheme for Cross Boundary Private Cars. It has been a year since the first phase of the self-drive tour plan between Guangdong and Hong Kong was launched and the response of the people has been far from warm. Last year, there were about 18 000 quotas open for application but so far only 1 640 applications have been received, taking up less than 10% of the quota. President, we can see that Hong Kong residents have little demand for driving northward and it proves that this self-drive tour plan is not tailor-made for Hong Kong people. My fellow colleagues, no matter you are from the pro-establishment camp or the pro-democratic camp, I hope and also believe that you are aware of the great difference between the road system in the Mainland and ours, and the driving habits of people in both places are also very different. If we hastily allow large number of mainland vehicles to enter Hong Kong, it will give rise to many problems, especially those involving road safety, which is an invisible bomb. Therefore, I urge Members of different political parties and groupings to join efforts to veto the allocation of this fund.

President, as a Member of this Council, I have the constitutional duty to scrutinize the Budget submitted by the Government and propose amendments to revise some unreasonable expenditure items. This duty has been clearly stated in Article 73 of the Basic Law. Based on the attitude of calling a spade a spade, the Neo Democrats proposes amendments to the Budget, with the aim of ensuring that every item of expenditure of the Government is for the benefit of the people, thus fulfilling our pledge made during the election, which is "nothing about people's livelihood is trivial and we will fight for democracy". We also respect the decision made by our colleagues from the League of Social Democrats and People Power to make use of the room provided by the Rules of Procedure to filibuster. We also respect other Members of the pro-democracy camp for making the political judgment to withdraw the amendments.

President, we cannot help but ask why some Members of this Council choose to filibuster to strive for universal retirement protection. The fundamental reason is that during his election campaign in 2012, Chief Executive LEUNG Chun-ying promised to set up an old age pension fund to address the

problem of the ageing population. However, in his maiden Policy Address after his election, there is no mention of an old age pension. He has totally broken the promise made during the election and has referred the problem to the Commission on Poverty. We know that the Commission is not a permanent establishment and the tenure is only two years. The SAR Government is not sincere in solving the problem of elderly in poverty and hence some Members resort to the tactic of filibustering, in the hope of forcing the Chief Executive to introduce the universal retirement protection. In this regard, no matter the timetable or the roadmap are concerned, the present situation is the result of LEUNG Chun-ying's own making. Therefore, fellow colleagues, no matter you are from the pro-establishment camp or pro-democracy camp, I hope you should continue to lobby the Chief Executive to openly pledge to conduct public consultation on universal retirement protection at a specified date, so that the present crisis can be solved as soon as possible.

President, the Neo Democrats will not support this Budget *(The buzzer sounded).*

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

MR GARY FAN (in Cantonese): I so submit.

MR RONNY TONG (in Cantonese): President, you may recall that Mr Antony LEUNG, one of the former Financial Secretaries, quoted the lyrics of a popular song in his Budget. Although at that time, many people did not approve the contents of his Budget, the lyrics he quoted gave people a sense of freshness, and some even considered that the lyrics quoted could strike a sympathetic note, making Hong Kong people feel like they were on the same boat. Today, the Financial Secretary has also cited the lyrics of a popular song in his Budget. President, I dare not say whether he or his writer has blindly copied another person which made him look foolish, but the lyrics he quoted are inappropriate and many Hong Kong people even have the feeling of being rubbed salt in their wounds.

President, the lyrics read, "you have your way of life, I have my own engagement" ("你有你的生活，我有我的忙碌"). I am not sure if the Secretary has heard this song called "Wide Apart" ("天各一方"). The song depicted two lovers being kept apart and living independently without caring the other party. Does the Secretary wish to illustrate that his fiscal management concepts are "wide apart" from the expectations of Hong Kong people? If so, it is better for him to simply admit this fact rather than beating around the bush.

President, many people have mocked the Financial Secretary for using such lyrics as the concluding remark of the Budget. Some even consider that he should change the lyrics into "you have your abyss of suffering, I have my granary to guard against". President, you cannot blame the public for having this impression because the SAR Government currently has a fiscal reserve of $734 billion, and I believe this amount of money has attracted the envy of the whole world. If we review the performance of Mr John TSANG over the years, we will find that the media makes the same comment almost every year: Financial Secretary John TSANG has once again made wrong estimates, and he makes wrong estimates every year. President, up until this year, people have started to think that he has not made wrong estimates, but that he upholds a very irresponsible philosophy of financial management — if you think his ideology is worthy to be called a philosophy.

President, let us consider some examples: in the year 2008-2009, it was initially estimated that there would be a deficit of $7.5 billion, but eventually we had a surplus of $115.6 billion, and a reserve of $484.9 billion. In the year 2009-2010, the Financial Secretary's estimates were pretty close. The estimated deficit of $39.9 billion turned out to be a deficit of $4.9 billion and a reserve of $488 billion, and the difference was not considerable. However, in 2010, the Financial Secretary estimated a deficit of $25.2 billion but we had a surplus of $19 billion in the end, and the reserve surged to $508.2 billion, equivalent to 18 months of government expenditure. In the year 2011-2012, the estimated surplus was $3.9 billion and the ultimate surplus was $71.3 billion; the reserve had surged further to $591.6 billion, equivalent to 23 months of government expenditure. Last year, the estimated deficit was $3.4 billion but we eventually had a surplus of $66.7 billion and the reserve surged to $662.1 billion. This year, as I have just mentioned, the Government estimated that there would be a

deficit of $4.9 billion but in fact we had a surplus of $64.9 billion, while the current reserve has exceeded $700 billion.

President, no wonder some Honourable colleagues think that we should resort to filibustering to force the Government implement universal retirement protection and give each person a cash handout of $10,000. Since the Government fails to fulfil its due responsibilities and make long-term plans for Hong Kong people, why should it collect taxes? Will the reserve of over $700 billion only benefit the investment fund managers? If the money will never be spent on the people, it is better to give cash handout. Thus, some Honourable colleagues resort to the extreme means of filibustering to force the Government to give cash handouts. I understand their action though I disagree.

President, if we say that this year's Budget offers no new ideas, we are actually giving face to the Financial Secretary. It is really surprising that he has heedlessly followed the old ruts; there is absolutely no new mindset or proposal. He has not done what he should do; instead, he just set up some committees and task forces in order to drag on for a year or so. At present, Hong Kong is ruled by committees because all issues are handled by committees. I really do not know why we need to have the Chief Executive or the Financial Secretary. We may as well set up various committees to deal with policies. Why do we need the Chief Executive or the Financial Secretary? Therefore, I definitely understand why some Honourable colleagues have proposed amendments to the Budget to reduce the salaries of certain officials. If they do nothing apart from setting up committees, why should we have to pay them such high salaries?

President, this Budget may have a distressing breakthrough, that is, the Government proposes to set up scholarships for outstanding local students. This is an astonishing proposal that caused a public outcry. The Financial Secretary has proposed to inject $480 million to set up scholarships for outstanding local students to take courses or programmes overseas. President, they will not take programmes that enable them to make immediate or long-term contribution to Hong Kong, but they will just take English language and early childhood education programmes. Each year, $24 million will be spent on overseas education for 20 outstanding students and they are required to return to Hong Kong to teach for two years after graduation. President, I wonder who are so brilliant as to suggest this rotten idea to the Financial Secretary. Even the New People's Party which admitted that it has put forward such an idea disagrees with

this proposal. They have said that the Government has only partially adopted their idea or even wrongly adopted the concept. This argument is simple: since the targets are outstanding students, why does the Government have to restrict them to study the English language and early childhood education? Will it be a waste of one's talent on a petty job? Furthermore, after spending tens of millions of dollars on sending these people to receive overseas education, will the requirement that they should return to Hong Kong upon graduation and teach for two years too low? Will the hundreds of millions of dollars be well-spent?

President, this example highlights the quality of governance or the level of the Financial Secretary's abilities. In fact, there are many things that can be done and are worth doing so as to improve our education system and benefit the general public, and the Government can easily do such things. However, I do not know why the New People's Party's proposal concerning overseas education of outstanding students is accepted by the Government while the Civic Party's proposal to increase the number of places in government-funded universities is not accepted. This is really baffling, President.

There is a general consensus in the Legislative Council about asking the SAR Government to provide 15-year free education. Mr LEUNG Chun-ying agreed to this point when he was running for election, but what had happened? The Government has only set up a committee to study on this issue. We have requested to increase the number of subsidized university places, and the proportion of subsidized university places should be increased from 18% to 25% each year. This is a rather moderate request. It is roughly estimated that the number of subsidized university will increase from 15 000 to 19 500 each year. On the basis of an average subsidy of $233,000 for each student, only an additional $4.19 billion are required each year.

President, the Government spent $36 billion in handing out $6,000 to each person two years ago. Our proposal only requires an additional funding of $4 billion each year, and on this basis, the expenses of $36 billion will be sufficient for nine years. Is there anything wrong even if this measure will increase the recurrent expenditure? In this Budge involving over $300 billion, $4 billion takes up a small proportion, but many people can be benefited and the quality of our society enhanced. Why does the Financial Secretary turn a blind eye and a deaf ear to some measures that can easily be implemented?

We all agree that young people in Hong Kong are facing a serious upward mobility problem. The Government also admitted that when Donald TSANG was in office, and I believe LEUNG Chun-ying cannot deny the existence of this problem. Since there is a pressing upward mobility problem in Hong Kong, the most fundamental solution is to improve the education level of the public and help the students in need, especially those from the grassroots, so that they would be better-equipped and attain higher qualification in order to contribute to our society. Why has the Government failed to help these students? Why does it have to spend hundreds of millions of dollars on overseas English language programmes for 20 outstanding students? President, I trust that no society would accept such a silly idea.

If the Government with such a considerable surplus overlooks the needs of people in desperate conditions, some people will inevitably think that we are "wide apart".

President, let me cite another example. Regarding the subsidies for low-income households, Mr LEUNG Yiu-chung has asked the Government to provide assistance on discretionary basis; for instance, providing spectacles to poor students. President, I almost cried when I noticed that he made such a request. When I first become a Legislative Council Member in 2004, I wrote a press article, expressing my concern that grass-roots children even could not afford spectacles. Certainly, the Government had not given any response, but a conscientious person was touched by my article and he contacted our office and promised to donate a considerable amount of money for providing spectacles to 100 children from low-income families. What he did touched me a lot and I thought the Government would get some inspiration from his act. Even an ordinary member of the community who owned a small store was ready to offer help. Why does the Government still ignore this problem after nine years have passed? When LEUNG Yiu-chung raised this issue, I really sigh with distress, wondering if Hong Kong people are really so desperate. Are we really "wide apart"? The Government does not need to spend a lot on such a simple task, yet it has all along failed to take actions.

President, you may say, Mr Ronny TONG, is this point a bit too trivial? I am talking about the fundamental attitude towards fiscal management and the fundamental issue of the quality of governance. We can see big impacts from small projects, and deep impacts from shallow actions. I have not found any

proposal that is worthy of our support in this Budget, and what the Government has failed to do made us really sad. It is impossible for us to support this Budget. Thank you, President.

MR YIU SI-WING (in Cantonese): President, a widely accepted Budget should cater the needs in various aspects. Apart from short-term handout measures to solve the pressing problems, the Budget should also contain long-term solutions to solve problems such as the disparity between the rich and the poor, healthcare and an ageing population. In the Budget debate of last year, a number of Members queried if the Government's relief measures could look after the "N-have-nots" and the elderly. After listening to the views of various sectors, the Government has made efforts in the area of social welfare. This year, the Budget has injected $15 billion into the Community Care Fund and has earmarked $8.3 billion for the Old Age Living Allowance. The social welfare expenditures has increase by 33%, and 60% of the recurrent expenditures are used in areas such as education, welfare and healthcare. The Government's timely introduction of various short and long-term relief measures is commendable.

The many difficulties now facing our society must be solved in a progressive and orderly manner. However, the factors that are gradually pushing us towards the edge of the cliff are a decreasing number of the working population and an increasing number of elderly people. According to the Government's projections, the fertility rate in Hong Kong is 1.2, and the rate is lowered to 1.06 after excluding doubly non-permanent resident babies and babies born to singly non-permanent resident pregnant women. This rate is lower than the average replacement level of 2.1. According to various statistics, Hong Kong has the lowest fertility rate among more than 200 countries and regions, and this rate has remained persistently low for years. A low birth rate means problem of ageing population will aggravate, and the median age in Hong Kong has gone up from 36 to 41. It is estimated that the labour force will start declining in 2018 and the number of elderly people will gradually exceed the number of young people. If the Government does not devise ways to improve the demographic structure, it cannot avoid facing the dilemma of struggling to make ends meet.

Since the Government has a huge fiscal surplus in hand, it can inject large amounts of resources in the areas of education, healthcare and public facilities, so as to make appropriate preparations to cope with people's long-term life planning. It should also consider providing incentives to encourage childbirth, as well as encourage young people to get married and have children. Many countries and regions in the world have implemented policies to encourage childbirth. For instance, from 2011 onwards, the Taipei Government awards TWD20,000 for each newborn baby, and a monthly nursery allowance of TWD2,500 for each child aged under five. In Singapore, the Government awards S$6,000 for the first and second children, and S$8,000 for the third and fourth children. In Japan, there is a monthly subsidy of ¥15,000 for each child aged under three, while children aged over three receive different levels of monthly subsidies until they have completed junior secondary education.

The Government should make reference to the above schemes and consider adopting incentive measures, such as giving one-off childbirth award and providing allowances (such as formula power) to infants, so as to relieve the pressure faced by young couples in raising infants. Information from the Census and Statistics Department indicates that a total of 91 600 babies were born in Hong Kong last year, and the number of local newborn babies was approximately 65 000 after deducting some 26 000 doubly non-permanent resident babies. I believe we do not need to spend too much on providing appropriate allowances to tens of thousands of newborn babies each year, but this is very important to the healthy development of our population in the future. I hope the Government would seriously consider these proposals.

President, as our pillar industry, the tourism industry accounted for 4.5% of the Gross Domestic Product (GDP) last year, and the relevant consumption had reached $300 billion while 230 000 people are directly employed in the industry. Despite an uncertain global economic outlook, there was still a 16.5% increase in the total spending in connection with inbound travelers. When compared to our overall economic growth of 1.5% per annum, the growth in tourism revenue was very impressive, which could certainly promote economic development and benefit many industries. But there are two sides of the same coin. Since the implementation of the Individual Visit Scheme, there has been a rapid increase in the number of Mainland visitors, which has exerted pressure on our complementary facilities, and products sold in shops in tourist centres have

become more and more unitary. The surge in rents in certain areas has pushed up commodity prices, affecting the livelihood of people in certain communities. While I do not wish to see this situation, I absolutely oppose abolishing multiple-entry permits or restricting the number of individual visitors on these grounds.

According to the information published on the website of the World Tourism Organization, spending by outbound Mainland tourists ranks first in the world. Various places in the world have taken various measures to welcome visitors from China. We must understand that not all people travelling on multiple-entry permits are parallel traders, many of them travel to Hong Kong for sightseeing, business or visit relatives. In the midst of economic uncertainty, we still need to rely on the consumption of tourists from all places in the world, especially Mainland tourists, to promote economic development. If we resort to across-the-board screening of tourists when problems have emerged, and reject the entry of those Mainland tourists whom we do not welcome, the Mainland market will have a very bad impression of us, thinking that we are ungrateful. Adverse impacts will be resulted. In my view, the Government should proactively face up to the problems and immediately make comprehensive plans on the development of tourism, such as studying the directions of future development of Lantau Island and Northeast New Territories, providing additional complementary tourism facilities to alleviate the pressures exerted by tourists in shopping and sightseeing, so that our overall receiving capacity can be enhanced.

President, in this year's Budget, the part on tourism is more comprehensive when that contained in the Policy Address, but no new ideas have been raised when compared with last year's budget. In the past few years, the Government has mainly injected funds into tourism spots such as the Ocean Park, the Disneyland and the cruise terminal. The Ocean Park and the Disneyland are very well-developed tourist attraction sports, which directly help to promote the development of the tourism industry. To maintain market competitiveness, I support the proposal of continuous fund injections and expansion. The development of the cruise terminal is still at the early stage and its profit-making mode is substantially different from that of theme parks. While the major incomes of theme parks come from ticket sales throughout the year, the cruise terminal is subject to seasonal impacts. During the annual typhoon season, the ship calls will be affected. The terminal will be officially commissioned on

12 June and the Mariner of the Seas will be docked there for a few days. As the next cruise will only arrive in Hong Kong in October, there is a gap of four months. The Government has spent an enormous amount of over $8 billion on the construction of the cruise terminal, and the annual recurrent expenditures will be $220 million. Nevertheless, only a total of $13 million will be collected from the operators as fixed rents for 10 years. Even if the government revenue will increase by profit sharing, that will only be a drop in the bucket. I agree that the cruise terminal should not target at profit-making at the initial stage, and the key objective should be promoting the development of related industries. Nonetheless, the Government should still be accountable to the public and each year, it should set various indicators on the basis of the actual situation. For example, the number of inbound tourists using the terminal, how much revenues can be generated and how many jobs can be provided, and so on, and the Government should urge the relevant Policy Bureaux to accomplish the tasks as planned. In order to increase the utilization rate of the cruise terminal, the Government should encourage or subsidize the hosting of various activities at the terminal. When no cruise docks at the terminal, the terminal can be used as a site for exhibitions, retail shopping and leisure activities. Hence, the value of the cruise terminal can be revealed after its operation for some time.

President, the problem that hotel rooms are in short supply has plagued the industry for a long time. As estimated in the Budget, 10 000 hotel rooms will be provided in the next two years. The supply of hotel rooms will increase at a rate of 7% each year, which is in line with the 6.5% growth in overnight visitors to Hong Kong. I hope the Government would ensure that there will be additional hotel rooms each year in order to relieve the pressure from the increase in visitors.

The issue of inadequate hotel rooms has created a new problem, that is unlicensed guesthouses have mushroomed in recent years. According to the information uncovered by the media, at least eight Mainland websites have helped to lease illegally around 3 000 residential flats in Hong Kong. As a result, the Government and the departments concerned have received an increasing numbers of complaints involving unlicensed guesthouses and more prosecutions have been initiated. There were a total of 1 418 cases in 2012, more than double the relevant number in 2011. The situation cannot be ignored. Overseas tourists do not know that short-term leasing of residential flats in Hong Kong is illegal, and should the conditions of such flats are unexpectedly

undesirable, they cannot hardly be protected. If the unlicensed guesthouses have not registered the information of lodgers as required, in the event of an accident or a security problem, it may not be possible to trace the lodgers involved, directly causing losses to other tourists and nearby residents. As the problem of unlicensed guesthouses has aroused concern in various aspects, the Government should try its best to put an end to their operation.

President, I agree with the proposals in the Budget for increasing expenditures and manpower to solve the problem at control points. At present, short-haul same-day Mainland visitors account for 50% of tourist arrivals. The control points can be jammed for hours during festivals, holidays and weekends. Tourists at least have to wait for more than an hour during the peak period while some tourists have to wait painfully for more than three hours. This situation is extremely unfavourable to the development of tourism, especially to overseas tourism market. Although the Immigration Department has introduced e-Channels for Mainland residents crossing the border since January 2012, which helps reduce the pressure of at control points to a certain extent, the problem of a long queuing time for immigration clearance has still not be completely solved. Though overseas visitors currently accounts for less than 30% of the total number of visitors, if they have to wait a long time for immigration clearance, this will affect their impression of Hong Kong, which is unfavourable to the expansion of overseas markets. After the Government has put in more resources, I hope it would seriously explore effective improvement measures, such as setting up special immigration clearance counters for overseas tourists and business travellers.

President, the industry welcomes the Government's support of the development of tourism through the Mega Events Fund. Nonetheless, from the statistics provided by the Government, we find a lot of problems related to the actual operation of the Mega Events Fund. After the allocation of $250 million to the Mega Events Fund approved by the Finance Committee of the Legislative Council in 2009, eight rounds of applications had been received, and a total of 21 mega events had received funding, with the total allocation amounted to $84.7 million. Among these events, two events, namely the Hong Kong Open and the Hong Kong Tennis Classic had taken up 40% of the total allocation. In 2011, around 38 000 visitors came for the UBS Hong Kong Open and their spending was approximately $8 million. In 2012, visitors for the same event only increased by 1 900 but their spending increased by $7 million. In 2011,

about 12 802 visitors came to Hong Kong for the Hong Kong Tennis Classic and their spending was $5 million, $4 million less than the previous year. Yet, visitors of the Hong Kong Dragon Boat Carnival held in the same year reached 215 000 and their spending also reached $4 million. Yet, there was a big difference in the number of tourists. President, the objective of establishing the Fund is to examine whether the assessment criteria are objective and reasonable, and whether the sponsorship arrangements are accurate and effective, with a view to benefiting the general public and the industry. It is baffling that there were great differences between the sponsorship amount and actual number of people who had participated in the above two events. It is acceptable to spend more if the events are held in a larger scale; however the problem is that the sponsorship amount had increased significantly even though the actual number of participants in some events had not increased considerably. The Government should address the issue squarely and examine whether something have gone wrong with regard to the assessment criteria or procedures, so that timely adjustments can be made.

President, this year's Budget has not brought the public too many pleasant surprises and the planning on tourism is insufficient, but all in all, it can solve the existing problems of Hong Kong.

With these remarks, I support the Budget.

MR CHRISTOPHER CHEUNG (in Cantonese): President, I would like to declare interests before I formally respond to the Budget. I am the boss of a local securities firm, and I would speak from the perspective of the interests of the industry as a whole.

In the Budget announced by Financial Secretary Mr John TSANG in February this year, there are as many as 14 paragraphs on the development of the financial services industry. As compared with a total of 14 paragraphs in last year's Budget under the theme of stabilizing the financial system, progress has clearly been made and this Budget is more positive.

I agree that the Financial Secretary has made more efforts to discuss the development of the financial services industry in the Budget. However, I hope the Financial Secretary would not just paint a rosy picture and neglect the fact that many small and medium securities firms are now operating in great

difficulties, and they urgently request the Government to formulate some short-term relief and support measures with practical effects.

In order to cope with the new policy of the Hong Kong Exchanges and Clearing Limited (HKEx), it can be said that small and medium securities firms have been weighed down and they have to face increasing operating difficulties. For example, after the introduction of extended trading hours, the lunch break was shortened. Brokers do not have enough time to enjoy a good meal, and more important still, they have fewer opportunities to contact customers during the lunch break. While the extended trading hours incur additional costs, the business turnover for brokerage firms has not increased. Concerning the newly introduced after-hours futures trading, my initial observation is that even though there are few transactions for the time being and there is no major fluctuation, a 5% volatility means a fluctuation of more than 1 000 points each night, which may bring higher risks to the market. I hope the HKEx will make adjustments in the review to be conducted six months later, so that retail investors will not be eaten up by predators. In addition, to enhance the functions of the HKEx's trading system, securities dealers have to put in more resources, which will greatly increase the burden of securities firms at a time when trading in the market is quiet.

In spite of the fact that the HKEx will conduct a consultation before introducing a new practice, it is often indifferent and does not give due attention to the opposing views. So, I hope the Government will have more discussions with the HKEx and ask it not to change for the sake of change. Instead, the HKEx should pay attention to the effectiveness of the new practice and think of ways to alleviate the burden on small and medium securities firms. For example, it can consider reducing the expensive fees for renting the financial information terminals and other expensive charges in connection with the trading system. Reducing costs will not only be conducive to improving the business environment of small and medium securities firms, but it will also be in the public interest.

President, the industry has always supported the formulation of appropriate rules to regulate the market, but if the rules are too stringent, they will stifle the survival of the business. For example, at present, securities firms applying for initial public offerings on behalf of their clients have to pay 5% risk margin, based on the amount of the clients' financing arrangements. This requirement

should be abolished as the securities firms should not be asked to provide additional warranty for the clients' personal commercial activities in subscribing initial public offerings.

(THE PRESIDENT'S DEPUTY, MR ANDREW LEUNG, took the Chair)

In addition, according to the concentrated margin client adjustment under the Financial Resources Rules, if the loans of a securities firm to customers have exceeded 10% of its aggregate margin loans, capital deduction shall be made, regardless of whether the loan amount takes up only a very small percentage of the client's collateral provided to the securities firm. At present, 5% contributions to the Central Clearing Guarantee Fund by securities firms will not be included as liquid capital under the Securities and Futures Ordinance. This requirement should also be amended and rectified.

In other words, the three provisions above will largely restrict the capital operation of small and medium securities firms, just like only allowing them to do $1 business with $1 capital. Under the present circumstances, I believe improvements should be considered lest small and medium securities firms cannot conduct business because of these unreasonable provisions.

If the Government allows this situation to persist, small and medium securities firms may, at any time, lose the current 10% market share. This violates the principle of fair competition and will also lead to the increasingly unhealthy development of the market. Will there be a better tomorrow if the industry cannot survive today? How can the industry have confidence in its future prospects?

Another point that requires the Financial Secretary's urgent concern is that buyers of Prada shares need to pay financial transaction taxes to the Italy Government. The relevant provisions are unclear but securities firms have to collect such taxes for the Italy Government. The industry is greatly perplexed by this arrangement. If this issue is not properly handled, it may deal a blow to our status as an international financial centre. Therefore, it is essential for the Government to work together with the HKEx which introduced Prada shares into Hong Kong to solve the problem. The best way is to convince the other party to

give up the levy, or clarify the tax collection methods and the legal basis of tax payment, in order to avoid making the industry even more disturbed and confused.

Deputy President, the Financial Secretary has stated in the Budget that, in the future, we should make efforts to enhance the status Hong Kong as an international asset management centre. I think this can really open up a new pathway for the industry. However, as the Securities and Futures Commission (SFC) had previously sub-divided the regulated activities of the securities industry into 10 categories with itemized charges in the name of reforming the licensing system, many securities firms had not paid the fee for the asset management licence, commonly known as No. 9 licence, for the sake of cutting costs. In other words, they may be excluded in the new development of the market. The problem is that the reapplication for No. 9 licence involves cumbersome procedures; hence, I call upon the Government and the SFC to consider introducing exemptions or simplifying the procedures, so that experienced securities firms can be reissued the asset management licence.

As stated in paragraph 49 of the Budget, to tie in with the development of private wealth management, the Government and the regulators will continue to support the work of the sector in setting up a trade association, taking forward programmes relating to the accreditation. As the Government intends to promote the setting up of a trade association for private wealth management by the sector; what roles will small and medium securities firms play? Will these securities firms be marginalized further? Concerning the point on discussing with the sector in enhancing the training of practitioners in private wealth management as mentioned in the same paragraph, I hope that all securities firms can get subsidy and have the opportunity to train their own employees. Yet, the crux of the problem is whether the securities firms can be reissued the asset management licence; otherwise, the training of practitioners would be to service other firms, which is not conducive to promoting the development of the industry.

Moreover, it is also mentioned in the Budget that the Government will consolidate Hong Kong's position as an offshore RMB business centre. This is a right direction but I wish to point out that the business dealings between the Mainland and Hong Kong should be on a two-way development. For instance, a number of Mainland securities firms have been approved to start operation in Hong Kong in recent years. But how about Hong Kong securities firms

operating in the Mainland, there has been all talk and no action. Although under the CEPA Supplement in late June last year, a local company has formed a consultation company with a Mainland company and the stock holding percentage can increase to 49%, so far, only one such company was formed, and it can only provide consulting services as stipulated. I believe the Government should actively discuss with the Mainland authorities about allowing local securities firms to start operation in Qianhai, Shenzhen through early and pilot implementation. If they cannot operate as sole proprietorship at the very beginning, they should at least be allowed to form joint ventures with Mainland securities firms, and be given substantive rights to operate business, instead of just providing business consulting services.

Last but not least, the role of the Financial Services Development Council established to promote the development of the local financial industry is not mentioned in the Budget. The industry once had high expectations of the Council, hoping that more proposals can be made on improving the operation of small and medium securities firms. We are afraid that there will just be thunder and no rain. As the Council does not have enough representatives of small and medium securities firms, we worry that the interests of small and medium enterprises (SMEs) will be ignored.

I hope the Financial Secretary would bear in mind that, in promoting the further development of our economy and the financial services industry, emphasis must be put on balanced development, such that small and medium securities firms would have equal opportunities to participate, thereby promoting the healthy and steady development of our financial services industry.

Deputy President, I have spent much time discussing the development of the financial services industry because it is, after all the leading industry in Hong Kong. As regards the other measures in the Budget, such as strengthening the three pillar industries, developing other emerging industries, especially strengthening the support of SMEs and extending the SME Financing Guarantee Scheme, my colleagues from the Business and Professionals Alliance for Hong Kong and I believe that the direction is correct and a good job is done.

The inaccurate estimation of the Financial Secretary of the surplus has aroused a lot of controversy, and I agree that improvements are needed. While I certainly think that the Financial Secretary should not be a miser, I also disagree

that he should arbitrarily hand out money just because the coffers are overflowing with cash. I trust that money should be appropriately spent and efforts should be made to improve people's livelihood, alleviate people's difficulties and strengthen the construction of software and hardware for the community. He should also provide more timely support to needy people, with a view to achieving sustainable development of our society. On the whole, the Business and Professionals Alliance for Hong Kong supports this Budget announced by the Secretary.

Thank you.

MR ALAN LEONG (in Cantonese): Deputy President, it is rather difficult for us to find proposals in the Financial Secretary's Budget that are worthy of support. However, at a time when Hong Kong is rapidly "Mainlandized", when there are constant challenges to the intrinsic values and the basic system in Hong Kong, such as Radio Television Hong Kong (RTHK) as a public broadcaster, the freedom of expression, the press and the rule of law; or when we take the MTR to the Ocean Park or the Disneyland and have the feeling that we are in Shanghai, we may reluctantly say that there is something desirable in the Budget. It is because we see in the Budget the shadow of Hong Kong in the past when the Government acted like a miser who kept on amassing wealth without spending money in areas with desperate needs; and the Financial Secretary, being very conservative, was contended to play the role as the money-keeper. All these may be desirable for it reminds Hong Kong people that not all things have changed radically, and we have a feeling of *déjà vu* for certain practices.

Deputy President, you may also recall that Secretary John TSANG told us when he delivered the Budget that money would be spent when necessary. Nevertheless, from what we have observed, money has not been spent when necessary. For example, while he pointed out that the economic situation of this year was worse than that of last year and people have a heavier burden, he also said that the Government's relief measures have "shrunk" when compared with that of last year. For instance, the ceiling of rates concession has lowered to only $1,500 per quarter, while the ceilings of profits tax and salaries tax allowances have reduced to $10,000. These are just two examples. Furthermore, Deputy President, this is the maiden Budget of Chief Executive LEUNG Chun-ying after he had assumed office. During the election campaign,

Mr LEUNG portrayed himself as saviour of the grassroots and killer of hegemony; yet, after reading this Budget, we have to ask where the killer has gone. The saviour has disappeared too.

Since he has so proudly described himself as saviour of the grassroots and killer of hegemony, we thought that he should tell us in the Budget how the Government will deal with deep-rooted problems. The Civic Party has always considered that deep-rooted problems refer to the uneven distribution of resources, as well as the extremely unfair distribution of the economic fruits. Deputy President, you certainly understand what rent-seeking means. It means that people having the resources use the resources to get privileges through political means, in order to reap profits for themselves at the expense of others. This kind of rent-seeking activity happens in Hong Kong every day, and the best example is the real estate hegemony derived from financial hegemony, and it is an oligopoly in our economy.

Just think about it, from the time we wake up to the time we go to bed, where will the money we spent during the day go to? It goes without saying that the money goes to the pockets of those upholding real estate hegemony derived from financial hegemony. Mortgage repayment takes up 40% to 50% of the household income, and the two largest supermarkets are also operated by property developers. Even if we go to fast food shops, turn on the gas for taking a bath, or turn on the light for reading newspapers, all the money and bills paid have gone into the pockets of property developers.

Originally, we thought that this saviour of the grassroots and killer of hegemony would do something to break the monopoly. We thought that he would propose some policies concerning industrial development, so that in the face of financial hegemony and its derivative, real estate hegemony and the rent-seeking activities, we could see some light. However, things did not turn out that way. We expected him to address the deep-rooted problems and put forward supporting policies, but the solutions were nowhere to be seen. In that case, how can he be the killer and saviour, as portrayed by him during the election campaign? Has he deceived Hong Kong people and can he wash his hand of after being elected? The first Budget of the LEUNG Chun-ying Government has ended in disaster. As Mr Ronny TONG has said earlier, the Budget and Hong Kong people are wide apart. Mr Ronny TONG is too polite. In fact, regarding the vision mentioned by LEUNG Chun-ying during the

election, his idea of curbing hegemony and saving the grassroots, this Budget completely fails to respond to the expectations of Hong Kong people.

Deputy President, if the Chief Executive wants to present to us his grandiose plans after he has taken up the post, or if he wants to respond to the promises he made to his electors — even though there were only 1 200 electors, the general public have heard about his pledges, he should do something. In respect of curbing hegemony and saving the grassroots, he has done nothing at all. He has not said a word about in what direction Hong Kong should move forward, how Hong Kong should position in the Greater China economic zone, how we should react in the global macro-economic environment, whether young people can get rid of poverty by acquiring knowledge, and how they can improve their social and economic status and conditions upon their graduation from university. We really feel disheartened after reading the Budget because it has not said anything or provided any help.

He has not addressed the deep-rooted problems in Hong Kong and he has not made efforts to build up his image as the saviour of the grassroots. The fact that he has not mentioned anything about universal retirement protection is the best evidence. Deputy President, I am not sure if you have received this morning the paper placard that the Alliance for Universal Pension gave us during the demonstration; we have now placed the placard on our desks. This placard reminds us of the pledge stated in Mr LEUNG Chun-ying's manifesto. Let me quote, "we will study the impact of our ageing population on public finance. We will undertake planning on a timely basis and set aside adequate moneys in a special Fund to meet the extra expenditure that will be needed by reason of our ageing population to provide elderly care, medical and health services in the years to come." (End of quote) I will continue to place the placard on my desk to remind the Government. The Chief Executive is not present but the Chief Secretary for Administration is seated here and she is also Chairman of the Commission on Poverty. The Committee intends to invite, within a year, Prof Nelson CHOW to study whether universal retirement protection should be implemented. So, I wish to remind the Chief Secretary about that.

How can we support his Budget? In the short run, the Budget only focuses on collecting money but money has not been spent as necessary; in the medium and short run, we fail to see any hope or vision. He was just paying lip service when he said that he would save the grassroots; and he just cheated people

in saying that he would curb hegemony. He has retracted his promises once his goal was achieved. How can we support such a Budget? I cannot support you just because you have reminded me that certain practices in Hong Kong have not changed. I cannot render my support even though I have said at the very beginning that evidently, this Budget may be desirable in that it has at least maintained certain images and footprints of Hong Kong in the past.

Deputy President, another problem with the Budget is "spending fake money". Why do I say that it is fake? Just take a look at the large number of funds and you will know the answer: $15 billion is injected into the Community Care Fund, $15 billion into the Employees Retraining Board, $5 billion into the Environment and Conservation Fund, $5 billion into the Language Fund and $100 million into a training fund for maritime and aviation transport. Moreover, as mentioned by Mr Ronny TONG, $480 million will be injected into the Government Scholarship Fund to set up scholarships for outstanding local students to take courses or programmes overseas. The total amount of all injections is $40 billion but these funds …… For those who have to queue up in the morning for getting free newspapers, so that they can sell them to make ends meet; for those who will only buy biscuits and noodles in supermarkets at discounted price when these products have a shelf-life of five days; or for those who have to live in "coffin-sized units or "sub-divided units" when they return home from work every day, can this $40 billion bring any benefits to them?

I would like to point out, as at 31 March this year, the Government has a fiscal reserve of $734.2 billion, equivalent to 23 months of government expenditures. Nonetheless, the Government flatly refused to allocate $50 billion on implementing the universal retirement protection scheme. What kind of attitude is that? The Government's injection of $40 billion is fake, which offers no help to people leading a desperate life and can only afford to have two meals or even one meal each day.

So, how can we support such a budget? Deputy President, the Civic Party has made a number of proposals on other livelihood issues, but certainly, none of our proposals have been adopted. I believe other Members from the Civic Party will mention about these proposals in their speech. For example, the Civic Party proposes the allocation of $2.2 billion for providing an additional 10 000 subsidized university places each year, so that students who met the entry requirements can enrol in universities. We hope he would do so as only

$2.2 billion is needed. Even though the Government has such a large amount of surplus, it has not accepted our proposal and our wish cannot come true. The Civic Party also requests the Government to immediately implement free pre-school education. According to our estimate, the provision of subsidized kindergarten education will only incur an additional $200 million a year. Yet, the Government takes no action. The Director of Audit has just published its report. If a value-for-money audit is conducted on pre-school education, the result must be the system is riddled with problems. We have also proposed that some disposed sites should be released for building public housing; yet, the Government has also rejected this proposal.

Deputy President, there is no vision in the Budget and it cannot address the problems that many Hong Kong people are now living in dire straits. The Civic Party cannot support this Budget. I so submit.

MR WONG KWOK-KIN (in Cantonese): Deputy President, in view of the ageing population in Hong Kong, elderly welfare has become an important issue of public concern. This year's Budget has devoted a substantial amount of resources to elderly welfare, stressing that the elders are the major beneficiaries of the social security policies. However, the fact is that some elders have waited year after year and still cannot be benefited from these social security policies, and eventually they have to retire in the Mainland.

We can imagine that, with rising cost of living in the Mainland in recent years and the exchange rate of Renminbi to Hong Kong dollar falling below 8.00, people are "buying less" with Hong Kong dollar in the Mainland. For some elders who went to the Mainland years ago for retirement and have been living on their pension, they may, by now, use up their savings and will be forced to return to Hong Kong to receive social assistance. And yet, due to inadequate support from the Administration, they are in a state of helplessness. Notwithstanding that the Government has finally agreed to introduce the Guangdong Scheme which may seemingly provide certain support for these elders, the Scheme has yet to be implemented.

During the past few months, I often received emails or long-distance calls from elders living in the Mainland, asking eagerly about the progress and

implementation of the Guangdong Scheme. From this, we can see how desperate they are. This is why I have to talk about this issue today.

First, let me tell Members a case. An old man who, after working in Hong Kong for decades, retired. As he is just an ordinary wage earner, he decided to retire in his homeland, Dongguan, where his wife and children are living and live on his retirement pension. After a decade or so, he has used up his pension. The couple have grown petty old and worse still, his wife suffers from dementia, and he can no longer take care of himself. As their children are not very well off, they can only afford to send their mother to a residential care home in Dongguan, which charges more than RMB 2,000 yuan per month, but cannot afford to send him there. Consequently, the old man went to the enquiry service centre of the Hong Kong Federation of Trade Unions (FTU) in the Mainland for assistance, urging us to bring him back to Hong Kong. He is now staying in a private residential care home in the North District. Members can imagine how sad it is for a man aged over 80 to be separated from his wife. Although his wife can only recognize him, she cannot see him very often. The old man also misses his family very much, but they are forced to live apart.

Last year, I went to interview him with a television reporter. After the interview, we told him in private that we prepared to go to Dongguan to take some shots of his wife. He immediately requested to follow the crew to Dongguan, saying that he wished to see his wife. He begged and begged, and it was really heartbreaking.

Similar cases are too many to enumerate. Every year, the FTUs' three enquiry service centres in Guangzhou, Shenzhen and Dongguan have helped hundreds of elders return to Hong Kong. Since these elders have chosen to retire in the Mainland, why so many of them want to return to Hong Kong? What are their conditions of living in the Mainland?

In mid-2011, the FTU's enquiry service centres had conducted a survey and interviewed more than 300 Hong Kong elders above 60 who have settled in the Mainland. Half of them are living on their savings or pensions, and they worried that they might not be able to afford the day-to-day expenses in the long run. Some 60% of the elders indicated that the greatest difficulty of living in the Mainland is the expensive healthcare costs. Nearly 60% have considered returning to Hong Kong, but worried that they might not have a proper residence

in Hong Kong. In sum, 70% of the elders said that the difficulty they have encountered while living in the Mainland is the loss of support from the Hong Kong Government. In fact, the numerous problems encountered by the elders in the Mainland can boil down to one, and that is, a lack of care and concern from the Hong Kong Government. The Government always stresses that Hong Kong's social security is offered to Hong Kong residents settling in Hong Kong, but do not forget that the contribution made by these elders when they were young was no less than anyone else.

When I was first elected to the Legislative Council in 2008, I had proactively urged the Government to attend to the needs of elders retiring in the Mainland. At first, we merely requested the Government to progressively relax the absence limit for Old Age Allowance (OAA), so that some elders who have retired in the Mainland do not need to travel frequently between the two places throughout the year.

It was only until 2011 that the last-term Government announced the launching of the Guangdong Scheme, and Members were delighted that elders retiring in the Mainland could finally receive the OAA. However, the Scheme, committed by the previous Government, has yet to be implemented by the current-term Government. Mr Matthew CHEUNG, who is present at the meeting today, told us that the Scheme could only be implemented by the end of this year. But how much longer do the elders have to wait before their pressing needs can are addressed?

The Old Age Living Allowance (OALA) proposed in this year's Budget has drawn much public attention. We have asked the Government long time ago that as elders living in the Mainland are allowed to receive OAA under the Guangdong Scheme, they should be allowed to receive OALA as well. However, the Government replied that a feasibility study of granting OALA to elders retiring in Guangdong would only be conducted after the OALA and the Guangdong Scheme have been implemented for some time. How long does "implemented for some time" mean? What is more, the Government only indicates when the study commences. In that case, should we ask the elders to live as long as they can in order to receive the allowance?

At the special meeting of the Finance Committee to examine the Estimates of this year, I had put a written question to the Social Welfare Department

(SWD), asking for information about elders living in the Mainland. Unfortunately, the SWD does not have the relevant data, and it only has the statistics on the number of applications received under the Portable CSSA Scheme. I was pretty shocked by the Government's reply. Does this reflect that the Government does not have a good grasp of the situation of these elders? The SWD assumed that, even if the Guangdong Scheme is to be implemented, only 30 000 elders would participate. And yet, this assumption is made only to facilitate the implementation of the Scheme. Does the SWD know about the actual living conditions of the elders? How much does it know?

Not only is the Government unaware of the number of potential participants, it has even adopted a couldn't-care-less attitude towards the return of elders to Hong Kong from the Mainland. Worse still, its reply to my written question raised at the Special Finance Committee meeting was a bureaucratic one. When I asked about the support rendered to elders returning to Hong Kong, the Government simply replied that they could approach the local integrated family service centres or integrated service centres for assistance. That is all. Has the Administration turned a blind eye to the needs of these returning elders as though they do not exist? The point is that elders returning to Hong Kong have mostly used up their savings and are in poor health condition. So, is it sensible and reasonable to require them to knock on every door for help?

Looking at the government policies, there is an absence of a set of supporting measures and services to specifically cater for elders who have settled in the Mainland. Therefore, the Government's replies to such questions are always frivolous. If the SWD really aims to help elders retiring in the Mainland, it should better grasp the relevant data so as to facilitate future policy studies in this regard, and can serve as a basis for future implementation.

Secondly, the Administration should consider providing one-stop service by setting up service centres in the Mainland or making use of the operating non-governmental organizations, thereby enabling the returning elders to report their pressing needs and enjoy tailor-made one-stop service for smooth resettlement in Hong Kong. As such, elders no longer have to worry about the lack of social support upon their return.

Since elders retiring in the Mainland do not have registered permanent residence, they do not enjoy any healthcare protection or attention. What is

more, from the policy perspective, healthcare benefits provided by the Mainland and Hong Kong are independent. Thus, elders may not afford to seek medical consultation in the Mainland even if things have gone wrong.

This reminds me of a case received by the FTU's enquiry service centre in Shenzhen. An old man aged above 80 brought with him some $300,000 to settle in the Mainland more than two decades ago. He did lead a pretty good living with this sum of money back then, but then he suffered a stroke and the surgery cost him almost all his savings, with only a few hundred dollars of RMB left. His wife intended to send him back to Hong Kong for medical treatment, but it costs more than $700 to book an ambulance to send him back to Hong Kong. At last, someone referred her to the FTU centre. When she came for help, she was very miserable and even begged on her knees. Members could imagine how desperate the elders were when something happened to them in the Mainland. We had originally arranged to send him back to Hong Kong, but unfortunately the old man failed to survive and died of internal hemorrhage due to delayed treatment.

I think that the recurrence of such tragedies should be prevented. The authorities should consider joining hands with universities or institutions which have established hospitals or medical centres in the Mainland to provide basic medical services to eligible Hong Kong elders who have settled in the Mainland.

Deputy President, although allowances for the elders have increased in this year's Budget to improve the living of those with financial needs, I eagerly hope that the Government can genuinely do the best and make the appropriate move, such that all elders can rest assured even when Hong Kong enters into the age of population ageing.

Deputy President, I so submit.

MR TONY TSE (in Cantonese): Deputy President, in early March, I had organized a seminar to gauge views of the architectural, surveying and planning sector on the 2013-2014 Budget. The majority of them support the Budget, thinking that the Government has been able to foretell the problem of ageing population, provide additional resources to enhance healthcare and related services, and inject additional resources for basic infrastructure. All these

proposals are correct and worthy of support. Nonetheless, others are not satisfied with this new Budget and consider its content vague and general, as both the efforts and resources put by the Government to alleviate poverty, narrow the wealth gap, the supply of land, economic development and support for small and medium enterprises (SMEs) were far from enough. They hope that the Government could expeditiously conduct a review of the tax base and tax rates.

In fact, I had already made a preliminary response on the day the Financial Secretary delivered the Budget. I described the Budget as "not proactive enough and too conservative". It is good for the Government to foretell the imminent problems in Hong Kong, but I reckon that economic development is the cornerstone of welfare. In order to solve the problems relating to housing, poverty, ageing society and environment, there must be sustainable economic growth. I therefore hope that appropriate arrangements will be made in the Budget to achieve the goal of economic development. Noting that the Government has recorded a surplus of some $60 billion, is it necessary for the Budget to remain prudent? No additional efforts or resources have been put in promoting the research and development of products; encouraging and subsidizing the middle class to pursue continuous study for value enhancement, or supporting SMEs. Also, government efforts in promoting the economy were apparently not enough. I really do not want to see that the resources earmarked for future welfare use would be affected as a result of these problems.

Deputy President, SMEs have made great contributions to Hong Kong's economy. I believe 90% of local enterprises are SMEs, and the architectural, surveying and other professional fields are no exception. Although support measures have been put in place for SMEs and have achieved certain results, resource input for the development of local professional SMEs has been inadequate to enable more professional technical personnel to take part in large-scale development projects. In the past, Hong Kong did undertake many world-class development and engineering projects, but due to the brand name effect and the pursuance for starred professional counselors, services provided by renowned overseas companies and foreign professionals were often engaged as a result. This has undermined the participation and development of local companies and professionals. It is hoped that the Government will provide more resource input for SMEs providing professional services, with a view to actively implementing the "local professions first" policy.

In the Budget, it is proposed that the Government will issue again inflation-linked retail bonds (iBond), which I believe would open new outlets for some capital. However, I consider the $10 billion maximum amount of borrowings too conservative. If iBonds are enthusiastically received in the future, I hope that the Government will consider raising the maximum amount so that more Hong Kong people can have a share. As Members may be aware, Hong Kong residents used to invest their capital in property speculation, which I considered unhealthy. Thus, the Government should consider issuing bond products for investment by people from different strata, thereby providing an alternative investment platform for Hong Kong residents other than property speculation. Also, this would promote the diversification of local bond market, which I think is a win-win situation for the Government and the people.

Apart from economic development, land planning and housing are also of my major concern. Although there is excellent planning in Hong Kong, it is often out of tune with development. In the absence of concrete implementation timetable and plans, there is over-reliance on the private market. Many plans have ended up in indefinite procrastination. The development of agricultural land is an example that I am aware of.

At the special meeting of the Finance Committee held last week, I asked the Agriculture, Fisheries and Conservation Department (AFCD) for data of agricultural land in Hong Kong. It nonetheless failed to give a reply at that time, but subsequently replied by email that approximately 3 278 hectares of land were zoned for agricultural use. Since the AFCD is tasked to promote the development of local agriculture and fisheries, I think it should have a good grasp of the relevant figures in order to tie in with the development. But the fact is, many land zoned for agricultural use have not been used for farming in the past. Worse still, the Government has not rated or examined any of the agricultural land, nor has it formulated appropriate agricultural policies or provided the necessary resources. As a result, it has failed to effectively promote the agricultural industry. Thus, land planning is out of tune with development, and this has given rise to deserted land and unauthorized use of land.

I opine that the Steering Committee on Land Supply, chaired by the Financial Secretary, should adopt a brand new mindset by considering planning, development, policy formulation with resource utilization at the same time, so as to co-ordinate plans for the development and supply of land for different uses

throughout the territory. It is hoped that in so doing, all land can be fully and appropriately utilized to their fullest extent. Meanwhile, I also hope that the Steering Committee can co-ordinate various Policy Bureaux from the financial perspective and enhance inter-departmental participation in the initial planning and implementation of large-scale development projects.

Deputy President, in the Budget, the Financial Secretary announced that the Government will include 46 residential sites in the 2013-2014 Land Sale Programme, which can provide about 13 600 flats in total. However, some members of the trade worried that these 46 sites have probably been "inflated". This is because some sites may have planning problems and may have to modify the use, such that they cannot be used for building private residential flats or the number of flats built may not meet the targeted quantity. I therefore call on the Government to formulate land supply plans for the coming years and make contingency plans in case, for example, nobody submits tender. In particular, remedial measures have to be formulated for tender invitations for large-scale non-government works projects, so as to ensure a stable supply of residential flats.

With regard to housing, in the light of the worsening problem of ageing population, the provision of housing for the elderly people has aroused concern. Although the Government has increased the injection of medical resources, housing may also have direct effect on the elders' health. Thus, I hope that the Government can pay more attention in this regard. Earlier on, I visited the Cheerful Court in Ngau Tau Kok and noticed that many elders live there happily and healthily. By providing various interests classes and facilities for the elderly residents, the Hong Kong Housing Society (HS) has enabled them to lead a very plentiful life. It is learnt that more than 300 elders are currently waiting for these elderly units and the demand is expected to grow. I therefore hope that the Government can examine and formulate the relevant policies as early as possible and make appropriate financial arrangements by, for example, providing additional land and resources for the HS to build more elderly units in response to the call of society.

Apart from the provision of residential flats, the maintenance and management of buildings is another housing problem of major public concern. I have, with respect to this problem, invited some members of the trade to form certain working groups to conduct discussions and exchange views, at regular

intervals, on the latest development of the licensing system governing property management, the implication of the licensing system on various companies, practitioners and the community, as well as issues relating to the monitoring and review of property management and building safety. Since cases relating to property management, which are currently handled by the Lands Tribunal, often involve frivolous matters such as water leakage and dripping, serious disputes involving owners' corporations have to wait for long time before they can be dealt with as the Lands Tribunal is pre-occupied with frivolous cases. In order to comply with the principle of resources utilization, I hope that the Government can actively consider and accept the proposal put forward by the Royal Institution of Chartered Surveyors a few years ago, and set up a Building Affairs Tribunal dedicated to deal with cases involving property management. Furthermore, I also hope that the Government can provide additional resources in respect of property maintenance and management, thereby rendering appropriate support and financial assistance for the elderly people and low-income residents.

On the other hand, the Budget also mentions the enhancement of vocational training. The trade considered that in order to promote professional development, enhancement of training is far from sufficient. This is because every single tier, from entrance into the trade to employment and professional development, is very important, and we cannot attend to one thing but neglect another. Take the construction industry as an example. Some members of the trade reflected to me that the construction industry did train up a lot of new blood in recent years, but how many of them have successfully entered the trade in the end? Apart from those who could not stand the hard work and quit halfway through, the Government should assist and encourage the construction workers in employment by enhancing the relevant policies and measures so that they can move up the ladder of professional development. Nonetheless, in this new Budget, I fail to see any provisions earmarked for the promotion of professional development. This is pretty disappointing. I support the proposal to inject $15 billion into the Employees Retraining Board (ERB) to provide it with long-term support, but I also hope that more resources can be provided to assist the professional and career development of construction workers.

Deputy President, I understand and support the Government's approach to implement policies and allocate funding according to priorities, but in the face of various problems in society and the different aspirations of people from different strata of community, the Government should respond with short-, medium- and

long-term measures. Regarding the proposals put forward by Members to refine the Budget, I think that they can be further discussed and considered. And yet, if some people blindly oppose in an irrational manner and attempt to delay government provisions by way of filibustering, the operation of the Government and the provision of public services and welfare will be affected in the end, and I will definitely not support it *(The buzzer sounded)* ……

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

MR TONY TSE (in Cantonese): With these remarks, I support the Appropriation Bill 2013.

MR DENNIS KWOK (in Cantonese): Deputy President, please allow me to take this opportunity to talk about the issue of the rule of law in Hong Kong, how the Government can make optimal use of resources to enhance the spirit of the rule of law and refine our judicial system.

In the past six months, in handling issues such as the right of abode, the interpretation of the Basic Law by the National People's Congress (NPC), the nomination threshold of the Chief Executive election, the Apex Horizon All-Suite Hotel, as well as the restriction order on formula milk powder, we would perceive them from the perspectives of the law, the legal system and the spirit of the rule of law. This is not an unusual practice in a place like Hong Kong which upholds the rule of law. In fact, we should be proud of it. In the everyday life of members of the public, they may not come into frequent contacts with the work of lawyers and judges, but the legal provisions and judgment of courts will affect their daily lives, and have substantive and far-reaching impacts.

When LEUNG Chun-ying was running for the Chief Executive, he often emphasized the importance of the legal profession to Hong Kong, and stated many times that the spirit of the rule of law and judicial independence were important factors for the success of Hong Kong. He even stated that he would make the best effort to defend these core values. However, words frequently said do not imply that they are highly valued. Facts have proven that LEUNG Chun-ying is paying lip service on the question of the rule of law. In just five

months after he had assumed office, he has raised the issue of the interpretation of the Basic Law by the NPC again, and he has completely ignored some long-standing problems of the legal profession and the Judiciary. Even though the Government has a huge surplus, it has not proposed in the Budget any measures to make good use of our existing strengths to further expand legal aid services, and it has not allocated additional resources to our judicial system. As reflected from the provision allocated to the Judiciary and the legal aid services this year, we can see that the Financial Secretary has just copied the budgets of the past few years, without making any improvement.

First of all, I would like to talk about the resources of the Judiciary. Judicial independence is the cornerstone of the spirit of the rule of law, and we all know that it is an essential element of the separation of powers. When handling sensitive issues that may involve politics, the Court will not consider any political elements and will only deal with the issues from the legal point of view. The Court and the Judge must exclude all political elements in a case, and make a ruling simply according to the law. This is an important provision under our constitutional system and within the framework of the Basic Law, and this is also the general public's expectation of our judicial system. For this reason, in handling the Judiciary's demand for resources, the Government should try to grant whatever is asked, so as to ensure that the Court can conduct its work without any worries. This would also avoid giving people the impression that the Government deliberately uses its financial strength to exert pressure on the Court and the Judiciary.

The shortage of resources of the Judiciary is a long-standing problem and has been worsening. The waiting time for High Court cases is getting longer and longer. According to the figures in the Budget, for civil cases to be heard in High Court, the waiting time from listing to hearing is 244 days, that is, more than eight months, 64 days longer than the statutory pledge of 188 days. For civil cases to be heard at the Court of Appeal, the average waiting time is 131 days, 41 days longer than the statutory pledge of 90 days. The same situation also applies to criminal cases. It takes an average of 180 days from filing applications to hearing, a full six months, which is longer than the statutory pledge of 120 days. As we should recall, in some simple cases involving unlawful assembly, the police arrested the persons in question 12 months after the incident, and coupled with the long waiting time for criminal cases, the persons in

question may be disturbed for a few years, which is very unfair to them and the public.

In spite of this situation, the funding for the Judiciary this year has only increased 5.1% when compared to that of last year, which can barely keep up with inflation. Moreover, this Budget has not mentioned anything about the manpower shortage of the Judiciary which has been discussed for a long period of time. A famous saying of the legal profession is "justice delayed is justice denied". When a person wants to take civil action, he has to wait for quite a long time after his case can be heard. After the hearing, the judge also needs time to prepare his judgment according to legal principles. The total time taken constitutes injustice to a certain extent. It is unfair to a party for he needs to wait so long for the court's ruling.

In this Budget, the Government has not made timely provision to increase the resources of the Judiciary such that the Judiciary is unable to handle a lot of cases in time. The Budget has not made any contribution to solve the problems of delay and long waiting time. Actually, the Government only needs to use a very small portion of its fiscal reserve to substantially increase the Judiciary's manpower for handling cases.

The second point I want to point out is that the legal aid services are seriously inadequate. In saying that everyone is equal before the law, on the essential element of the rule of law, equality does not only mean equal treatment before the law, it also means that everyone should be able to seek judicial justice. Regardless of how perfect the law is written and how it can comprehensively protect a person's rights, if anybody who cannot seek justice in court through the judicial system because he does not have the financial means to do so, all kinds of rights will be meaningless to him and they are just empty talks. The purpose of providing legal aid is to ensure, as specified in Article 35 of the Basic Law, that Hong Kong residents shall have the right to access to courts and choice of lawyers for timely protection of their lawful rights and interests. This is a very basic demand for human rights.

The financial eligibility limits of the Legal Aid Scheme (LAS) and the Supplementary Legal Aid Scheme (SLAS) were finally adjusted higher last year, but this does not mean that the Government can be slack in handling the issue of legal aid. The Administration proposed to increase the limit for the LAS to

$260,000 and that for the SLAS to $1.3 million; yet, a lot of data (including the data provided by the Hong Kong Bar Association and The Law Society of Hong Kong) have proven that these two limits cannot cater for the needs of most people. For many middle-class people, taking legal actions is something that they will never do because legal aid fails to take care of them.

In the Supreme Court or the District Court, there are large numbers of unrepresented litigants in civil cases and criminal cases, and the numbers of such cases are on the increase. These unrepresented litigants exert heavy pressures on the resources of the Judiciary. When a judge has to deal with a case involving unrepresented litigants, he often needs to spend more time and effort than in general cases. If there is not enough support from legal aid, the pressure on the Judiciary will become increasingly heavier; but the Judiciary does not have the appropriate aid from the Government. In the long run, this will be detrimental to the rule of law and the judicial system. This situation fundamentally highlights that the Government has the resources to support the heavier workload of the Judiciary and it also needs to further expand the scope of legal aid, so that more people can afford the litigation costs, and can make claims in courts and receive the justice that they deserve.

In addition, the Government has also considered expanding the scope of the LAS to cover more types of legal proceedings. It has also undertaken to report on the issue of class action this year, and it has stated that it may consider including these types of cases in the SLAS, to enable more people to fight for their due interests through the SLAS.

I so submit, Deputy President.

DR CHIANG LAI-WAN (in Cantonese): Deputy President, today, we are having a Second Reading debate on the 2013-2014 Budget, which will be followed by the discussion of amendments proposed by Members for the purpose of filibustering.

A couple of days ago, I heard from a radio programme that Mr LEUNG Kwok-hung said the purpose of the upcoming filibuster is to fight for universal retirement protection. I immediately recalled that the Government has already undertaken to conduct a relevant review and has even engaged a professional

scholar to carry out a study in this regard. I believe a research report will be published within this year, and noting that all Members are very concerned about retirement protection, we will definitely follow up on the progress of the Government.

In this case, why should Mr LEUNG step forward on his own to hijack this Council and paralyse the Government on the pretext of fighting for universal retirement protection? I guess Members should know that Mr LEUNG himself would be the major beneficiary of this move. After doing some counting, I found that in the past week, news about his proposed filibustering …… He has appeared in newspapers and on television for more than 100 times. Who are the victims then? They are the Hong Kong residents because many policies in the pipeline have to be shelved and all Panel meetings have to be re-scheduled. Salary payments from the public coffers have to be postponed as well, thus affecting people's livelihood and welfare.

Mr LEUNG Kwok-hung is smart and knows very clearly that he can be successful in this act. He is well aware that a retirement policy has been in operation in Hong Kong, and any attempt to replace or refine it must go through the necessary procedures. What is more, the Government has undertaken to conduct a review in this regard. If all Members seek to fight for their causes using such extreme approach of filibustering, then the entire Government and the Legislative Council can hardly operate. I therefore consider Mr LEUNG Kwok-hung's approach selfish and headstrong. His personal grievances have affected, in particular, elderly people who are recipients of CSSA, Old Age Living Allowance and Old Age Allowance. He has neglected their basic needs. I hope that he can reconsider withdrawing the amendments proposed for the purpose of filibustering.

Next, I am going to make some recommendations for the Budget. Deputy President, as an old saying goes, "It takes ten years to grow trees, but a hundred years to cultivate people". The cultivation of talents has all along been of utmost importance in history. Due to a lack of natural resources in Hong Kong, human resources have become our greatest wealth. How can Hong Kong's economy develop in a sustainable manner if there is a mismatch or a shortage of human resources? This is like a vehicle running out of petrol or getting the wrong fuel, which will render the engine inactive or it simply breaks down. In

the face of labour shortage, the overall development of Hong Kong is like this vehicle.

In paragraph 79 of the Budget, Financial Secretary John TSANG pointed out that the construction, retail and catering industries have experienced labour shortage and mismatch. He even used five pages to introduce the numerous improvement measures to optimize human capital. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) welcomed some of the proposals. And yet, as the Government has projected in the Report on Manpower Projection to 2018 (the Report) published last year, there would be manpower shortage from now on to 2018. When the basic infrastructural projects complete in 2018, there will still be an overall shortfall of 14 000 people.

The Financial Secretary is well aware of this because in paragraph 81, he clearly stated that "A long-term labour shortage will …… dampen our economic vibrancy". Therefore, the Government must look squarely at the cause and the root of the problem, and formulate feasible long-term policies. Only by so doing can we have both a stopgap and fundamental solution.

Firstly, I will discuss how acute the labour shortage problem is. At the special meeting of the Finance Committee held last week, the Development Bureau remarked that the labour shortage problem of the construction industry has eased, but there would be a shortfall of 20 000 construction workers in the coming years. Not only is the construction industry unable to recruit workers, the retail industry is also hard hit by the shortage of labour. According to the survey conducted by the Hong Kong Retail Management Association, labour shortage in the retail industry reached as high as 8.8% in 2011 (that is, the year before) and even rose to 11% (that is, a shortfall of about 30 000 workers) last year. This reflects that the manpower situation is worsening.

Nonetheless, an interesting thing is that some people in Hong Kong are unemployed. In other words, there is manpower mismatch. As evident from the data published by the Census and Statistics Department, while the latest unemployment rate remained at a low level of 3.4% between December 2012 and February 2013, the unemployment rate of young people has instead risen. The unemployment rate of young people aged between 15 and 24 has risen by 0.5% to 7.4%, representing about 24 100 people. Why were so many young people unemployed? I think if these young people can join the workforce, the labour

shortage problem can be eased. How could manpower resources be so ideally matched?

As the Financial Secretary has pointed out in paragraph 80 of the Budget, there are long-term shortages in a number of obnoxious trades and they have difficulties in attracting new blood. I therefore suggest that the Government should consider importing labour on the one hand, and gain a thorough understanding of the unemployment problem of young people, especially those with low education attainment, in a targeted manner.

Why should we show particular concern on the unemployment problem of young people? Because according to the projection made in the Report published last year, employers' demand for employees with high education attainment will significantly grow, whereas there will be an over supply of labour with low education attainment. In that case, the unemployment problem of young people with low education attainment will further deteriorate.

In fact, the shortage of manpower resources is not only attributable to the lack of attractiveness of the trade to new blood, but is mainly caused by manpower mismatch. A young person told me that many of them had no idea about which degree programme to take when they entered the universities, which trade to engage in after graduation, or what kind of jobs would be available in the market a few years later. Hence, they could only trust their parents or friends.

Earlier, a Member pointed out that there is an oversupply of computer personnel and many of them are unemployed. Very often, young people study for getting a certificate and they would enrol in any programmes so long as they are admitted. As a result, many graduates fail to adapt to the changing labour market or get a suitable job.

A young person, whom I have mentioned in my previous speeches, told me earlier that he decided to study chemistry because seeing that there was a Science Park in Sha Tin, he thought that the Government would proactively develop science and technology. He thought that studying chemistry would enable him to have a good prospect. Unfortunately, he was unemployed in the end. Therefore, a responsible government should conduct career planning for young people as early as possible, so that they would have a clear idea about their prospect.

Of the numerous improvement proposals put forward by the Financial Secretary in the Budget to optimize human capital, the DAB considered the "first-hire-then-train" approach most praiseworthy. The DAB opined that the problem of human resources mismatch may deteriorate in the face of future economic development. To ease the problem of structural unemployment and develop towards a knowledge-based economy, we proposed that the Government should systematically link up recruitment, training, internship and job matching, and introduce the "first-hire-then-train" approach in all labour-intensive industries, with a view to resolving the problem of human resources mismatch.

Simply speaking, the "first-hire-then-train" approach mainly covers recruitment, training, internship and job matching. All participants must first sign an employment contract with their employers for guaranteed employment. Then, they will attend training courses of basic skills in the training institutions, and take up internships in the employers' workplaces by phases and receive further vocational training. Upon completion of the courses and internships, official offers will be made by the employers to the participants. Therefore, the "first-hire-then-train" approach requires the joint effort of the Government, training institutions and enterprises, and the provision of appropriate subsidies as an incentive to give full play to its effect.

In paragraph 82 of the Budget, the Financial Secretary highlighted that the Government has already joined hands with the construction industry to roll out the "first-hire-then-train" programme. Since the programme has guaranteed its participants with jobs and salaries, provided direct training for workers on behalf of the building contractors, and changed the public perception that jobs in the construction industry are tough with no security, it has achieved great success and brought the unemployment rate of the construction industry down from 12.8% to 5.1%. This shows that the programme is a success.

Regarding the problem of labour shortage, the construction industry is one of the hardest-hit sectors. The Government should be held responsible for this because as highlighted by the Financial Secretary in paragraph 98 of the Budget, the annual expenditure on capital works was about $40 billion in the past five years, but it is estimated that the average expenditure will increase to $70 billion in the coming years. This has yet to include works in the private sector. In other words, capital works expenditure may increase by more than a double, that is, 100%. But where can we find the workers who are readily available in the

market? Construction workers should be very happy, but in fact they are not. This is because while they are working very hard for the time being, they are prone to be unemployed upon the completion of the works projects. I therefore opine that when rolling out projects in the future, the Government should carefully examine the capacity of the labour market.

Lastly, in the Budget, the Government announced that it will inject $15 billion into the Employees Retraining Board, and designate $100 million to establish a training fund for maritime and aviation transport to subsidize young people to enrol in related skills training programmes. We hope that the Government will adopt the "first-hire-then-train" approach in the abovementioned programmes.

Besides, the lift maintenance and elderly care services industries also face a shortage of labour. We suggest that the Vocational Training Council can introduce the "first-hire-then-train" approach and encourage both public and private organizations to increase co-operation with different enterprises, with a view to recruiting the less experienced young people and providing salaries to the participants. This will safeguard their living and enable them to see the future, or even gain satisfaction from their job.

Deputy President, I so submit.

MR FREDERICK FUNG (in Cantonese): Deputy President, the 2013-2014 Budget is disappointing. It has also proved that LEUNG Chun-ying was hypocritical when running in the election, paying lip service and being shamelessly boastful. John TSANG, on the other hand, is conservative and sticks to outdated modes, making no achievements. This is the first Budget in LEUNG Chun-ying's term of office. To put it bluntly, it is a kind of canned food production, following the established rules by applying the financial management philosophy of previous governments, without offering any bright ideas or useful measures. It is merely a hotchpotch, failing to address social conflicts, and ignoring the problem of serious unbalanced allocation of social resources. Only one-off giveaway measures are proposed without formulating policies with long-term visions.

Deputy President, I believe you are also aware that there is a big discrepancy between the estimates made by Financial Secretary John TSANG and the actual revenues received by the Treasury over the past five financial years. For instance, the original estimate for the last financial year was a deficit of $3.4 billion, but eventually, the estimate was significantly revised to be a surplus of $64.9 billion, representing a difference of $69 billion. The biggest discrepancy was in the 2010-2011 financial year, the original estimated deficit of $25.2 billion turned out to be a final surplus of $75.1 billion. The difference was as large as $100 billion.

What would happen in the coming year? Deputy President, the Financial Secretary said that the 2013-2014 Budget would record a deficit of $4.9 billion. Obviously, I believe history will repeat itself: a deficit estimate will end up in a surplus. Now John TSANG plays the same old trick. What kind of financial management philosophy is it? The clue is obvious. In fact, what does it imply? In my opinion, it means that we should not think that for this year's handout, including rent waiver and rates reduction — the same sweeteners for the last year — the money does not come from the surplus of last year, since the surpluses of the last two years had already been transferred to the Treasury. The money for the handout of this year comes from the expenditure of next year. We can see that such a trick is old-dated and conservative. The Government has intentionally underestimated the revenues so as to suppress the public's expectation on the increase in expenditures and the introduction of new services.

In fact, it is a common phenomenon that owing to underestimation of revenues, excess resources have not been put into effective use. Over the past few years, as the planning of future services or expenditures were based on the underestimated revenue, expenses would often be wrongly reduced, or essential additional expenditure items were rejected. As a result, there is a lack of resources for meeting the people's needs. The trick of setting the expenditure on the basis of underestimated revenues has in fact violated the principle of keeping the expenditure within the limits of revenues, as stated in the Basic Law. By within the limits of revenues, it means that the estimates must be scientific and based on data; estimates should not be made willfully or subject to personal preference. By keeping the expenditure within the limits of revenues, the expenditure must be commensurate with the revenues; it must not be curtailed by employing the financial tactics to underestimate the revenues.

Deputy President, if the last-term Government had a surplus of $64.9 billion last year, even if it did not spend all the money and only spent $50 billion, what could be done with $50 billion? It could be used for setting up a universal retirement protection fund; implementing small class teaching; providing 15-year free education or building more residential care homes for the elderly. As we all know, the elders have to wait four years for admission to residential care homes, and half of the elders passed away while they were waiting. The $50 billion could also be used for building more residential care homes for persons with disabilities, who have to wait for more than 10 years; or for developing new industries and building new platforms.

Deputy President, at present, the Government and John TSANG continue to adopt one-off giveaway measures without making any long-term commitments. They focus on implementing short-term relief measures, injecting funds into the Community Care Fund, allocating some revenues to meet one-off expenditure items and reducing recurrent expenditures. In handing out cash to the public, is the measure effective and fair? Deputy President, in this Budget, while people earning high salaries can get a maximum tax rebate of $6,000, the grass-roots people are being neglected. Since the Government will not implement any long-term policies and have no intention to alleviate the problem of wealth disparity, instead of keeping the money in the Treasury, it might as well hand out $6,000 to the grass-roots people, as in the case that high-income people will have a tax rebate of $6,000. I prefer putting the money into the pockets of the public than keeping the money in the public coffers.

Deputy President, as no long-term policy has been introduced in LEUNG Chun-ying's Policy Address, we cannot criticize the Financial Secretary for not formulating any long-term policies in his Budget. After all, LEUNG Chun-ying is his boss. However, the lack of long-term policies is inherited from Donald TSANG's government. Basically, 80% to 90% of the policies are old practices. Without a policy breakthrough, naturally there will be no breakthrough in the area of financial measures. Hence, no long-term policy has been formulated by the new-term Government, which has simply turned a blind eye to the deep-rooted problems, such as serious wealth disparity, the population policy and unitary development of the economy. There is absolutely no specific policy to render support.

Deputy President, over the past few years, the Hong Kong Association for Democracy and People's Livelihood and I have pointed out the issues that should be dealt with. Quite a number of policies proposed by LEUNG Chun-ying in his election manifesto are similar to our suggestions. For instance, we have pointed out the need to develop new industries, such as the green industry, which was also mentioned in his manifesto. A delegation of Legislative Council Members have just conducted an overseas duty visit to Seoul and they have also make reference to the practice in Taiwan. At present, the waste recovery rate in Seoul is 87%, and the remaining 13% of waste will be sent to landfills or incinerators. Through technology, the 87% of wastes recovered can be turned into new, useful, valuable and saleable products. During the recovery process of waste, many elementary workers are employed; in turning waste recovered into new technological products, technical staff are employed to operate the technology process. Finally, the waste recovered has become products for sale in the market. This chain of development is the industry that involves elementary workers, professionals and technical personnel. Why is the progress in Hong Kong so slow? This year, only 50% of our wastes can be recovered.

We have also mentioned the expansion of the cultural and creative industries, as well as the computer technology industry. Though LEUNG Chun-ying had also mentioned these industries in his manifesto, what policies have been formulated to develop these industries? How much money has been put in to build up and develop the platforms for the industries of cultural and creative and computer technology? Also, LEUNG Chun-ying, being an expert in real estate, had written many articles and commentaries. In his manifesto, he pointed out the need to reverse the unbalanced and unreasonable real estate market. However, with regard to his Policy Address and the allocation of resources by the Financial Secretary, are there any statements on the unbalanced and unreasonable phenomena in the private and public housing markets, and the impact on the public due to surging home prices and rents in the private sector which have become unaffordable to the public? These were your articles, your commentaries and your manifesto back then. How come after you have become the Chief Executive, your subordinate, the Financial Secretary, has mentioned nothing about those problems in his Budget, and has not allocated even a dollar to address those problems?

Deputy President, insofar as Hong Kong's public finance system is concerned, the Government has all along adhered to the basic principle of "fiscal

prudence" on the basis of the so-called "big market, small government". In fact, the previous SAR Government and even the colonial Government have inherited from the neo-liberalism of the late Margaret THATCHER, who advocated "big market, small government", cutting welfare and privatization of state-owned enterprises. All the former Governors, as well as the two Chief Executives after the reunification, had adopted this principle in ruling Hong Kong by keeping public expenditure at a level below 20% of gross domestic product (GDP). This is a manifestation of small government.

I remember that former Chief Executive Donald TSANG pointed out in his last Policy Address that public expenditure should be kept at no more than 20% of GDP. This is the Government's fiscal discipline. However, during his election campaign, LEUNG Chun-ying expressed a different view from Donald TSANG's. He considered that public expenditure should be kept within certain limit and it is unrealistic to limit public expenditure at 20% of GDP. This is what LEUNG Chun-ying has proposed. But when he has the power to doing something, it turns out that he is a "Grade A counterfeit" of Donald TSANG.

Deputy President, in his election manifesto, LEUNG Chun-ying advocated seeking change and maintaining stability. What change has he made? While changes were proposed in his manifesto, his Policy Address had proposed no changes. While changes were proposed in his manifesto, his policy has remained unchanged, and the Budget has not advocated any changes. Are there any changes in Hong Kong?

(THE PRESIDENT resumed the Chair)

President, it is crystal clear that there are apparent changes in Hong Kong, in that Hong Kong is led by the masses. But I am disappointed that our Chief Executive, as well as our Financial Secretary, cannot see such a change. The first change is that the people have awakened. The civic awareness of individuals, organizations and society as a whole has enhanced. People have the courage to speak up and come forth to fight for what they want. In facing such a change, the Government can no longer stick to the past practices. It can no longer claim to seek change and maintain stability on the one hand, but refuse to change on the other. As for the second change, the public have pinned high

hopes on the Government, which is governing Hong Kong on behalf of Hong Kong people. They demand not only short-term measures, but also long-term vision, objectives and policies. As LEUNG Chun-ying has given us an appealing election manifesto, I once thought that after he became the Chief Executive, he would give us some good news in his Policy Address and the Government would show us in the Budget that it is committed to spending money for the interest of the people. All our hopes have been dashed.

President, is this the so-called art of double-talk? Can he stay aloof after he has got what he wanted? Can he simply turn a blind eye to everything after he has become the Chief Executive? Both the Policy Address and the Budget have adhered to one golden rule, and that is, to keep public expenditure at 20% of GDP. The fiscal reserves can be accumulated continuously without any upper limits and subject to no regulation. No one will consider how to make the best use of the reserve to solve our long-term problems. Is this the governance principle of LEUNG Chun-ying for his "appropriately proactive" Government?

Obviously, this illustrates that LEUNG Chun-ying does not practise what he preaches. John TSANG, on the other hand, follows the fiscal and governance policies of Donald TSANG and "Grade A counterfeit" of Donald TSANG. He will continue to be a Financial Secretary who does not need to make great efforts, who keeps on underestimating government revenue and making wrong estimates, and who will not be subject to any penalty for his underperformance.

President, originally I would like to move an amendment to reduce the salary of the Financial Secretary to $40,001, which is slightly higher than the income ceiling for Home Ownership Scheme (HOS) flats. Families with a monthly household income below this level are eligible for HOS flats, which is a kind of government subsidized housing. Families having a monthly household income just above this level belong to the middle class and are not eligible for any government subsidies. I hope that he can experience whether families having a monthly household income below $40,000 share the same feeling as his.

In fact, families having a monthly household income of more than $40,001 belong to the top 35% wage earners. Do they "drink coffee and watch French films" as what the Financial Secretary has said? I wish to tell him that people belonging to families with a monthly household income of $40,000 still have to worry about the burden of paying rents; worry about rent hike of 50% or 60%

after the existing tenancy agreements have expired; worry about the burden of mortgage payments …… I wonder whether Members know that the property price in Sham Shui Po is as high as $15,000 per square foot. People are worried that they will be deprived of a roof above their head.

"Drink coffee and watch French films" — John TSANG, you are really detached from the social reality.

MR LEUNG YIU-CHUNG (in Cantonese): President, after the delivery of this year's Budget, many people commented that it is conservative, meaning that under the present financial situation, in particular with such a huge surplus, the Government has not allocated additional resources to areas in need of funding. Simply put, the Financial Secretary did not spend money as necessary. This comment is in fact derogatory rather than commendatory. However, it is a pity that our Financial Secretary, after hearing the comments, told the media that it was a compliment in saying that he was conservative. I really do not understand how our Financial Secretary can be that cheeky, having the nerve to say that it is a compliment when people are in fact criticizing him. He is really shameless, totally unaware of his faults and do not think about others' comments about him. Instead, he is complacent and conservative, thinking that what he has done is correct. With such an attitude, no wonder that over the years, he has repeatedly made mistakes in estimating the future financial status. As many Members have just said, he has always made wrong projection of the financial status. He has been crying wolf year after year, and finally the "Wolf" LEUNG Chun-ying has come, but our financial status has deviated from his projection.

Regarding his explanation that it is not easy to make a projection, of course, I do understand the difficulties. But the question is, it is precisely because of the difficulties involved that he is assigned to take up the work, and he receives a high pay for this job, hence he should make an accurate projection. If anyone can take up the work, why would he be appointed the Financial Secretary? In making excuses, he refuses to face his own faults, accept others' comments whole-heartedly and make improvements. Hence, the public has lost confidence in the Government and in the Financial Secretary. As a matter of fact, many members of the public indicated that it is not just a loss of confidence, but a loss of hope, and they have no more expectation of the Government.

In fact, in the past years, the Government claimed that the budget could alleviate people's hardship, but for most of the time, there were no substantial contents. Over the years, a special phenomenon has emerged in society, that is, the gap between the rich and the poor has become increasing serious. Undoubtedly, the previous Financial Secretaries did propose some piecemeal remedial policies, but they failed to address the real problems of the grassroots. These policies are not, as often claimed by Secretary Mr Matthew CHEUNG, effective. For the grassroots, the relief measures implemented have not helped them. For the middle class, their problems cannot be solved, hence leading to more criticisms.

This year, our Financial Secretary has even said that the theme of this Budget was not to alleviate hardship, and as there were measures to facilitate economic development, the middle class could have a chance for development. Upon hearing these words, I think many middle-class people will be elated, thinking that the Government will introduce many measures to alleviate their hardship. Regrettably, how much help has the Government offered to the middle class in this Budget to alleviate their hardship? How many measures can offer the middle class chances for development?

I remember a press heading on this Budget, which reads "More surplus, smaller handout. The middle class suffers most with less benefit". The middle class not only does not have more opportunities for development as claimed by the Financial Secretary, they have less practical benefits. Hence, the above press heading can sum up the Budget, it neither alleviates the hardship of the grassroots nor provides development opportunities for the middle class. How should we assess this Budget? It can be said that it has done nothing. I will not give a pass mark to this Budget, nor will I support it.

I believe everyone present at the meeting would think that subject to availability of financial resources, the Budget should allocate some resources to relieve the pressure of the middle class, which include the payment of home mortgage or rent. As we know, the rise in property prices has exerted great pressure on the middle class, either in respect of home mortgage or rent. At the same time, it is more important to allocate more resources to alleviate the hardship of the grassroots, and solve the wealth gap problem. Unfortunately, as

the Financial Secretary has said, alleviating hardship is not the main theme of this Budget. Hence, the grassroots can get less benefit from this Budget, and to them, this Budget is a flop.

President, I think we all know a friend, and he is the former Director of Social Welfare, Mr Stephen Frederick FISHER. He has made some comments on this Budget. He said, to the effect that the Government should propose some medium and long-term measures in the Budget. I think this is the crux of the problem. Over the years, despite the huge surplus recorded, the Government had only introduced patchy remedies, or given out sweeteners once or twice. The situation is like I ask a group of lazy students to hand in their homework, as I am their teacher, they have to comply. But what kind of homework have they handed to me? They just scribble something, without paying attention to the actual content. Such kind of perfunctory attitude is no different from that of our Financial Secretary in preparing this Budget. He has not put his heart in his work, paying no heed to the suffering of the people and hence he has not formulated medium and long-term measures to tackle the social problems.

President, Mr LEUNG Kwok-hung is going to adopt the so-called filibustering approach to force the Government to address the universal retirement protection problem. This is in fact a long-standing issue, but the Government has not formulated any measure or policy to tackle the problem. In fact, the issue of universal retirement protection is not the only problem that has not been addressed by the Government. Apart from constitutional problems, there are also problems in areas of medical services, housing, education, environmental protection, economic development and employment. Without medium and long-term measures, these problems will be raised for discussion year after year. Hence, in my view, if the Government does not take advantage of the condition when we have a huge surplus to introduce in the budget, in particular in the budget of this year or the coming years, some long-term measures, it will miss the golden opportunity.

In fact, as Mr LEUNG Kwok-hung is going to threaten the Government by filibustering, forcing the Government to address the issue of universal retirement protection, I think the Government can actually kill two birds with one stone. It can invest, say $40 billion a year to set up a seed fund to pave way for future

development. If the Government takes this step, it can relieve the crisis brought about by filibustering, and buy time to consider in detail the proposal on universal retirement protection. This will not deviate from the direction of the formulation of long-term policies to solve the problem of old age retirement. I think this is what the Government should do. Of course, some people said this Government is no good, but what can we do? This Government is not elected by the people, and the present mechanism of this Council is not open and democratic. At present, Members do not have the right to propose any bill, a right that was given to Members during the colonial era, and they are subject to the restrictions of the Basic Law. They have no alternative but to adopt the filibustering tactics. No matter we agree or disagree to filibustering, the message is that people are disappointed that the Government has not formulated any medium or long-term policies to tackle the social problems.

Apart from the issue of universal retirement protection, the ageing population is another issue of concern. The Government has repeatedly pointed out that ageing is a serious social problem. In respect of residential care homes for the elderly, although in each year's budget, some provisions were made to increase the number of elderly home places by a few hundred, the Government has never told the public that it has a target and how it will increase the number of elderly home places to meet the social demand. The Government has not done so. This gives us the impression that the Government is perfunctory and dilatory, with no intention to fix the problems. A responsible government should set a target, say how many residential care homes will be built in five years, or how many places will be bought, and to what extent can social demands be met, as well as when will the demands be fully met. The Government has not done so, it has absolutely done nothing. It just rashly increase a number of elderly home places and people are really disappointed.

Apart from residential care homes for the elderly, the same problem also arise in residential care homes for people with disabilities and for students with disabilities. Many parents hope that more places can be provided so that their children can receive residential care. Again, the Government has not set any target, failing to give people any expectation. If the Government tells us how many places can be provided in five years time, or to what extent can improvement be made after certain years, people can something to look forward

to. At present, they have no hope at all. The increase of some places this year and the next can hardly satisfy the need and cannot solve the problem. All these problems reflect the failure of the Government to formulate medium and long-term policy under the current promising financial situation. We are absolutely disappointing.

Hence, as a whole, President, regarding this Budget, although there are comments in the community that some positive measures have been proposed, President, if a Budget does not introduce any positive measures, what purpose does it serve? The question is, can the alleged positive measures proposed by the Government meet the aspirations of the public, can these measures solve the deep-rooted problems of society? This is the most important. For example, the issue of reducing the wealth gap has been raised since the governance of Donald TSANG, what measures have been proposed in the Budget to solve this problem? According to the Government, it has done some work, and people should not make such criticism. It has set up many funds, in particular the Community Care Fund (CCF) which can make remedies for problems cannot be solved policy-wise or cannot be solved within a short period of time. Let us hear the comments of Mr MA Ngok. He said that if the Government intended to implement these policies, why should it hand over to a committee outside the government establishment, why should the Government not undertake the task? This is the crux of the problem, President. In fact, many of these problems should be solved by the Government, but it has shifted the responsibility to the CCF. Very often, we ask the Government to solve this problem and that, but the Government would tell us to leave the problems to the CCF. But can the CCF solve all these problems? Not necessarily, and even if the CCF can, it can only solve some of the problems, but not all. Very often, the CCF can help some recipients but not all of them. If we really want to solve the problems, we must start from policy or regulation level, but the Government is not willing to do so, it just acts perfunctorily, thinking that giving an account is enough without regard to the actual result. Hence, after all, the Government is not whole-hearted in preparing this budget, without paying heed to solve the deep-seated problems of society.*(The buzzer sounded)*

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

MR FRANKIE YICK (in Cantonese): President, the Financial Secretary's Budget this year does not only put the trading and logistics industry in the first place, it also clearly gives it a greater length than before, reflecting the current-term Government's considerable determination in developing the shipping and logistics industry. The industry, of course, will have expectations on this.

In the National 12th Five-Year Plan published last year, it was mentioned that the Central Government would continue to support the development of the shipping and logistics industry, as well as the development of high-value inventory management and regional distribution centres in Hong Kong. Traders in the shipping and logistics industry cherished high hopes in this regard, but the Government did not proactively introduce any complementary measures and simply responded with its usual practice.

All along, there has been a lack of strength in the Administration's policy on the development of the shipping and logistics industry. Despite repeated discussions, no decision is made. The progress of implementation is very slow. The pace is absolutely unable to catch up with the rapid development of the industry. Traders are worried that if things go on like this, Hong Kong will eventually be marginalized as a result of its sluggish development.

Over the years, traders have continuously requested the Government to open up more land for the logistics industry. Finally, the last-term Government mentioned in the 2009 Policy Address that permanent sites totalling 29 hectares had been identified in Kwai Tsing to facilitate the development of a logistics cluster. However, a few years have passed, the Administration has only made available two sites with a total area of less than five hectares for development. The progress is rather slow, and the demand for land of the logistics industry can hardly be met.

As a matter of fact, Hong Kong's logistics industry is heading from low-end container port services towards the development of high value-added logistics services, resulting in a stronger demand for land. However, the Government has not acted in a timely and appropriate manner by speeding up the

release of land. As supply falls short of demand, land prices and rents are being pushed up constantly, further undermining the competitiveness of the industry.

Although the third site with an area of 2.1 hectares will be made available later this year, there is no definite timetable for the availability of the remaining sites of some 20 hectares. The Financial Secretary plans to designate about 10 hectares of land at Tuen Mun West for the development of logistics facilities. The industry basically welcomes this measure because upon the commissioning of the Tuen Mun-Chek Lap Kok Link, the travelling time from Tuen Mun to Chek Lap Kok Airport will be greatly reduced, and the freight transport efficiency will be further enhanced then.

The industry hopes that the Administration can open up more logistics sites and expeditiously release these sites to the market. However, given that the current approach of releasing sites through open tender will only continuously push up land prices, I have spared no trouble urging the Administration to invest in the construction of government warehouses as infrastructural facilities in order to tie in with the development of the industry, and then lease them to small and medium enterprises (SMEs) in the industry at reasonable rates so that SMEs will have bigger room for development.

The Government has always emphasized its commitment to develop the shipping and logistics industry in Hong Kong, yet regrettably, being overcautious, it has made slow progress in enhancing Hong Kong's logistics competitiveness and failed to attain the expected results. For example, in 2003 the Administration proposed to build a logistics park on Lantau Island, and in 2008 it proposed to construct the third runway at the Airport, but to date, no final proposal has been made. Such infrastructure is highly important in enhancing the logistics competitiveness and strengthening the position of Hong Kong's logistics industry. As construction takes time, I hope the Administration can implement the relevant plans as soon as possible.

In the Budget, the Financial Secretary has appealed to freight and logistics operators in Hong Kong to make early moves to meet the enhanced air cargo security requirements raised by various countries. In this connection, I would like to point out that actually in 2010, traders had already expressed their concern about the matter of security check to the Transport and Housing Bureau. Yet, the Government did not share the urgent concern of the trade. It has been learnt

that in summer next year, the United States will require all air cargoes to go through X-ray security scans, which will bring a great impact on SMEs. The delivery time of air cargoes will definitely be lengthened, and thus the competitiveness of the local air cargo industry will be affected. In this respect, I urge the Administration to expeditiously finalize practicable options with the trade to cope with the new security requirements while ensuring high efficiency of the cargo flow. Otherwise Hong Kong's logistics industry will suffer a serious blow.

With regard to developing Hong Kong into an international shipping centre, the Financial Secretary has proposed to designate $100 million to establish a training fund for maritime and aviation transport, so as to attract more young people to join the industry. The trade is supportive of this measure. Nonetheless, in the present situation where Hong Kong is close to full employment, many industries and types of jobs also face a succession gap. With no new entrants, there will only be the same pool of workers, and the scramble for manpower among enterprises will only keep driving up labour costs. Besides undermining competitiveness, it is also of no help to solve manpower shortage. As a result, apart from continuous injection of resources in training, the Administration should also, where necessary and appropriate, import labour to alleviate the pressing needs of certain types of jobs.

On improving roadside air quality, the Budget has proposed setting aside $10 billion to progressively phase out old pre-Euro IV diesel vehicles. To phase out old diesel vehicles effectively, the Administration should readily accept good advice and further enhance the current proposal.

At present, the Administration's proposed amount of subsidies falls short of the trade's expectation. This is understandable. However, if the amount of subsidies proposed by the Administration is used to get new vehicles for replacement, it will only bring heavy financial burdens to vehicle owners. If the amount is used for retirement, it is all the more insignificant. Given the Administration's determination to expeditiously phase out old diesel vehicles, it should adopt a bold and resolute policy to adjust the proposed amount of subsidies upward, so as to increase the incentives for giving up old vehicles.

According to the submission made by Dr LAI Hak-kan of the Department of Community Medicine and School of Public Health of the University of Hong

Kong to the Legislative Council Subcommittee on Issues Relating to Air, Noise and Light Pollution, it was estimated that in 2012 alone, air pollution had caused 3 069 deaths, over 150 000 hospital admissions, some 7 million doctor visits and economic loss of nearly $40 billion. Compared with the annual economic loss of tens of billions of dollars, the amount of subsidies for phasing out old diesel vehicles is still more economical even if it is raised to $15 billion. An important point is that increasing the amount of subsidies can effectively and substantially reduce the number of old diesel vehicles, thereby mitigating the adverse health impact and economic loss attributable to air pollution. This is absolutely worth consideration.

In fact, both vehicle owners and drivers wish to replace their vehicles. They also know that emissions from vehicles have considerable health impact. Recently, I have held a meeting to discuss with traders again the incentive scheme for vehicle replacement, and they have suggested that the Administration should consider adopting more incentive measures, for example, more subsidies for earlier replacement of vehicles. These are constructive suggestions which I hope the Administration will consider.

Since the Government announced the incentive scheme, the transport sector has postponed its original vehicle replacement scheme. Although some diesel vehicles may have reached the age of 13 and require a thorough test, the decision on whether to replace them with new vehicles will depend on the proposal put forward by the Government. This has generally stopped bus manufacturers from production and really put vehicle owners and bus manufacturers in indescribable misery at the present stage. The existing incentive scheme for the replacement of Euro II diesel vehicles will expire at the end of June, and it is expected that the new incentive scheme will not be launched until next year. So the Administration should make special arrangements for the vacuum period before the launch of the new incentive scheme and provide a retrospective period for the new scheme to avoid any unnecessary impact on the trade.

I would like to reiterate that at present, the total number of pre-Euro IV diesel vehicles which need to be phased out is some 80 000. According to the information of the Transport Department, the number of commercial vehicles newly registered each year is only 5 000-odd. Basically, it will take more than 10 years to phase out these 80 000-odd diesel vehicles. To phase out this batch of vehicles shortly in a few years, the Government should consider accepting the

traders' view of delinking subsidies from vehicle replacement to avoid increase in vehicle prices resulting from serious shortage of vehicle supply and ancillary devices, which will only benefit motor trading companies in the end.

President, first let me declare that I am a director of the Star Ferry Company Limited. The Administration is going to introduce legislation to require local ferries to use diesel whose sulphur content is less than 0.05%. It is technically feasible, but with regard to the ferry industry which frequently suffers from losses, I am afraid that such a requirement will further increase the financial burden on the industry. In this connection, I hope that measures will be introduced to relieve the additional financial burden brought by the new requirement to the industry.

In recent years, the operating costs of the transport sector have been on the rise. Maintenance fees, charges for parts and components, as well as insurance and diesel prices have surged continuously. For example, facing keen competition, public light buses cannot shift the surge in operating costs onto passengers, resulting in great difficulties in running the business. This year, the Government has recorded a financial surplus which reaches $64.9 billion with reserves amounting to $734 billion, but relief measures in the Budget have in general been reduced. Compared with the middle class, there is indeed not much which can benefit the trade. Hence, I hope the Secretary can, in view of the difficulties of the transport sector, consider waiving the licence fees of commercial vehicles for a year so as to alleviate the business pressure of the trade.

Lastly, I would like to respond to the part about social welfare and poverty alleviation in the Budget. In this financial year, the Government's recurrent expenditure on social welfare and women's interests reaches $55.7 billion, having increased 30% from last year's revised Budget. The Liberal Party supports the Government's injection of more resources in this aspect.

The Liberal Party has proposed to the Government a number of times about using the investment income of the Exchange Fund for economic and social development, as well as for paying the additional expenditure on poverty alleviation. Last year, the investment income of the Exchange Fund reached HK$108.6 billion, the second highest on record. If the Government was willing to make proper use of this handsome amount of additional income and stop acting

like a miser, it would certainly help to solve a lot of long-standing social problems, and it would also help to alleviate poverty. Regrettably, the Government never accepted our proposal. Moreover, it was unable to raise any convincing argument against it.

Besides, concerning the Liberal Party's proposals to distribute $1,000 dental care voucher to each elderly person each year and offer the working-poor households $2,500 a month as low-income living allowance, nothing has been mentioned in the Budget. The Financial Secretary has not accepted our proposal, and we are disappointed. The Liberal Party urges the Government to consider the above proposals and include them in the Government's Budget in the coming years so as to help more elderly and poor people who are in need of assistance.

President, I so submit.

MR IP KWOK-HIM (in Cantonese): President, I will speak on constitutional, security and District Council (DC) affairs on behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB).

Business and economic contacts between Hong Kong and the Mainland have become closely intertwined. In addition, the signing of CEPA has given rise to more opportunities for business and professional services to develop northward, leading to an increasing number of Hong Kong people who work, pursue studies and settle on the Mainland. As a result, Chief Executive Mr LEUNG Chun-ying often talks about the need to deal with "internal diplomacy" properly. However, this idea of enhancing "internal diplomacy" is mainly confined to strengthening inter-government communication. The focus is only on striving to expand economic participation on the Mainland. The conception of the relevant policy does not seem to have taken into account the genuine needs of Hong Kong people on the Mainland.

Right, if Hong Kong people wish to go northward to tap business opportunities, they do need help from the Special Administrative Region (SAR) Government in order to open the gates set up by the Mainland departments. However, hundreds of thousands of Hong Kong people living on the Mainland or leading a cross-boundary life also need assistance and support from offices of the

SAR Government on the Mainland (the Mainland offices). As in the case of people living in Hong Kong, Hong Kong people who live on the Mainland will also face various kinds of social problems, such as clearance works and loss of identity cards. If they get married on the Mainland, they may also face family disputes, such as the wife going away with the children. Thus, as these Hong Kong people can be described as complete strangers on the Mainland, they urgently need the Mainland offices to provide them with assistance. In their view, the Mainland offices are the SAR Government's departments, and the Government is duty-bound to give assistance to members of the public. For this reason, I hope that in conducting the study to enhance the functions of the Mainland offices, the SAR Government will, apart from strengthening liaison and communication with the Mainland provinces and cities, also consider and pay regard to the needs of Hong Kong people on the Mainland, with a view to formulating social policies which attend to details in people's everyday life irrespective of regions, so that Hong Kong people living on the Mainland will feel like living in the Hong Kong SAR and perceive the SAR Government's care and concern for them.

Speaking of the need for the Government's care and concern, people of different sexual orientations also need the care of society, especially assistance of the SAR Government. However, we consider that with respect to the policy of assisting people of different sexual orientations, we must recognize clearly the fact that the problem of serious discrimination on the ground of sexual orientation does not exist in Hong Kong. People of different sexual orientations are currently in a predicament because what they support and advocate contradicts with the traditional morals and ethics of Chinese society in Hong Kong, as well as the marital and familial system under which marriage is the union between a man and a woman. In the face of this thorny problem, it is only by deepening the public's knowledge and mutual understanding about people of different sexual orientations that differences between the two groups can be resolved. However, Dr York CHOW, who has newly assumed office as Chairperson of the Equal Opportunities Commission (EOC), indicated that he would promote legislation against discrimination on the ground of sexual orientation and conduct consultation on the introduction of legislation during his term of office. The DAB finds this approach worrying. The mainstream public opinion and consensus, as well as the relevant social welfare policy in Hong Kong, do not recognize any marital and familial system which allows marriage not between a man and a woman. Unless there is serious discrimination on the ground of

sexual orientation in Hong Kong and the mainstream public opinion has attained a consensus that it is necessary to change the existing policy, any imprudent change in the existing policy and legal system, and even mere consultation, will bring huge impact and destruction to the present social ethics and moral concepts, as well as worries and concerns about the marital and familial system. Hence, we expect the EOC to consider the views of the vast majority before commencing consultation on any legislative work, so as to avoid triggering an even bigger social dispute besides being unable to help people of different sexual orientations.

Now I would like to talk about immigration clearance in Hong Kong. Hong Kong's vigorous tourism industry, coupled with the close ties with the Mainland society and economy, has brought forth tens of thousands of arrivals and departures every day. As a result, the Immigration Department (the ImmD) faces tremendous work pressure, especially during weekends, public holidays and long holidays when all the control points are busy. To cope with the increasing number of visitors and cross-boundary passengers, the Administration has enhanced clearance efficiency through installing e-Channels, and carrying out expansion or improvement works in passenger terminal buildings at the control points to facilitate smooth clearance of visitors. Sometimes the staff of the ImmD even need to cancel their leave to deal with the temporary influx of passengers waiting for clearance. According to the information provided by the staff, the number of accumulated overtime hours of the ImmD officers is the highest among the disciplined services. Moreover, many senior staff members often face an "overflow" of leave balance. This does not only impair the health of the staff, it also reflects manpower shortage in the department. Hence, I hope the Financial Secretary will give special consideration, noting that the tourism industry is presently an important source of income in Hong Kong, and such a situation has led to heavy immigration work. For this reason, it is necessary to put in more resources to enhance the capacity in handling the clearance of passengers. I consider this an extremely urgent task which brooks no delay.

As Hong Kong's tourism industry will only continue to expand and thrive, while economic exchanges with the Mainland will certainly go on more frequently, and lives of the people in the two places have become more and more integrated, the Administration should study how to further push forward and implement the policy of co-location of immigration and customs facilities, particularly when the construction of the Guangzhou-Shenzhen-Hong Kong Express Rail Link is about to be completed. Every time we notice the

convenience provided for cross-boundary passenger and traffic flows between the United States and Canada, we cannot help ask: if the border between two countries can be so barrier-free, why do we still have so many barriers during clearance in Hong Kong and Shenzhen under the principle of "one country, two systems"? For this reason, I hope the Government will promptly conduct a concrete study on co-location of immigration and customs facilities and put it into practice.

President, being a Member representing the District Council (first) Functional Constituency, I would like to shift the topic to DC affairs. These are subjects which I am never tired of raising, and which the Secretaries of Departments and Directors of Bureaux may already be familiar with, but I still need to be a bit long-winded. There is only one reason, that is, the problems remain unsettled. They include the operations of DC Secretariats, as well as DC members' remuneration and operating expenses. These issues have never been resolved.

At present, usually there are about 21 staff members providing services in a DC Secretariat. The manpower, as we can see, is seriously insufficient, but this problem is not something which has just happened today. This is, I am afraid, a long-standing, major and difficult problem which has arisen for quite a while and affected the operations of DCs for a long time. Currently, each Secretary to the DC Secretariat is responsible for at least one committee and three subcommittees on the average. Besides, there is plenty of overwhelming administrative and clerical work which needs to be followed up. Focusing on the needs of the community and in response to public demands, the Government has continuously provided additional resources for district activities. This year's Policy Address has even proposed an additional grant of $100 million for signature projects, the implementation of which will definitely lead to substantial increase in the workload of the secretariats. Although the Government will consider creating three additional posts in the light of the implementation of such projects and create one more post for the six DCs with the highest population, on the whole I think it can only be described as "better than nothing". The DAB requests the Government to provide additional funding and recruit additional manpower, so as to improve and enhance the work efficiency of DC Secretariats.

President, I believe that since the Financial Secretary has listened to the speech made by me on the Budget before, he should know this is not the first time

that I have strived to improve DC members' remuneration and operating expenses allowance. Sometimes I also feel I am a bit long-winded, but I will never stop any reasonable fight simply because of having achieved a little result. Although starting from the fifth-term DCs, DC members, like Legislative Council Members, are entitled to benefits such as end-of-service gratuities and medical allowance, the current monthly operating expenses allowance for offices of DC members is still barely enough. From next month onward, the minimum wage will be increased to $30. Similar to the bosses of many small and medium enterprises and Hong Kong style tea cafes, DC members, acting as an employer, also suffer heavy pressure. This is because most of the members' assistants currently receive the minimum wage. Their salaries are, in general, about $9,000. They work 10 hours a day and need to follow up district work, and at night they have to attend meetings of incorporated owners, so and so forth. With the calculation based on 30.5 days a month, they are indeed employees who are paid the minimum wage. Compared with DC members, their assistants also need to have all-round skills. As for whether they are good at every skill like DC members are, of course their levels are different, but the pay they can get is only the minimum wage. The reason is that the amount of daily operating expenses which DC members can afford is very limited. DC members' remuneration and operating expenses allowance will be adjusted in line with inflation on 1 January each year, but after the rents and overheads are deducted, there is really not much left. In fact, the amount is not enough to hire a good assistant.

Several years ago, the Legislative Council Secretariat published a Report of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement, which pointed out that the median length of service of Legislative Council Members' assistants was less than three years and the turnover rate reached 34%. Compared with DC members, Legislative Council Members already have better resources, yet they also encounter such circumstances. Therefore we can imagine that the turnover rate of DC members' assistants should be much higher than 34%. A former DC member told me that he had served as DC member for only a term because the existing remuneration and prospects were not satisfactory. He added that he had replaced his assistant as many as seven times within his four-year term of office. Furthermore, with high inflation, DC members also face the pressure of rental adjustment, so there is indeed the need to make substantial adjustment to the operating expenses allowance for offices of DCs. I expect the Secretaries of Departments and

Directors of Bureaux to show more concern to DC members and hope that they will bring us good news on 1 January next year.

Lastly, I desire to broaden DC members' horizons and enrich their experience with a view to enhancing their quality, which is rather important. I hope the Government will consider granting DC members an allowance for overseas duty visits. This can enhance DC members' competence in political deliberations, and we have such a need. I hope the Government will consider this suggestion and make improvement.

With these remarks, I support the Appropriation Bill 2013. Thank you, President.

MR WU CHI-WAI (in Cantonese): President, if we read this year's Budget and Policy Address carefully, we would notice that the policy direction of a number of government policies was first put down in the Policy Address. An example is the bike-friendly planning, or the hillside escalator links and elevator systems which we found necessary in 2008 to facilitate access by residents in hillside public housing estates. However, as Members may have noted, very often the Policy Address would not mention the availability of sufficient resources or present the policies as real work in which resources would be injected. Such a situation makes us worry that this is probably a reflection of the Special Administrative Region Government's long-standing practice of saying one thing and doing another.

Let us look at this point with a few examples. The first one is the bike-friendly policy. The Environmental Protection Department has repeatedly expressed its wish to promote improvement to air quality in Hong Kong. The Government also said that we should develop Hong Kong into a "bike-friendly" city. Nevertheless, on the overall consideration, it is only said in the relevant documents that cycle tracks will be built, and a lot of money will be spent in the New Territories North District to carry out this project. Yet the approach still treats bicycles as a kind of tools for recreational activities instead of a mode of transport.

What will happen in the end? Should there be any accident, it is likely that the Transport Department will quickly put up a notice to state that bicycles

are not allowed on the road concerned. Or, in planning a new development area, actually the Government will not include bicycles as one of the modes of transport either, even though it is capable of making such promotion. For instance, the Government should have been fully capable of taking the first step in the Kai Tak Development Area and the construction of new roads, but it was unwilling to take this first step. I cannot but query what idea the Chief Executive has when he mentioned a "bike-friendly" city. Are we going to confine the meaning of "bike-friendly" to recreational cycle tracks? I guess many of our Directors of Bureaux have visited different cities in Europe. They may notice that when a city adopts "bike-friendly" as a planning criterion, there will be many different ancillary facilities to allow cycling on the roads in the city. However, would our Government do that? I can only keep bringing up this matter persistently on each and every appropriate occasion.

Regarding the hillside escalator links and elevator systems, now the Government tells us that 10 projects have been handled with priority. After inspection, the amount of resources to be utilized is still unknown because the resources needed are relatively huge. There are 10 other projects waiting and require further studies. If such a task backed up by a policy cannot give a specific timetable to tell us clearly when it will be completed, it will make us feel that the hillside escalator links and elevator systems merely fall under another image building project. Or, since this project was a policy objective mentioned by Donald TSANG in 2008 and now the Chief Executive has changed to another person, there may be different views?

Previously, the Government allocated $200 million to implement the policy of "universal accessibility". I remember that in the summer after LEUNG Chun-ying assumed office, he suddenly said that funding would be allocated to implement this policy, and then $200 million was promptly allocated to carry it out. As a matter of fact, I am eager to see the hillside escalator links and elevator systems …… especially for residents in Kowloon East, where many housing estates were built on the hillside, from Sau Mau Ping, Lam Tin, Shun Lee Estate, Choi Wan Estate, Fu Shan, Tsz Wan Shan, Chuk Yuen South Estate and North Estate, all the way to Tsui Chuk Garden and Tin Ma Court. In fact, it is a community with a huge population. It is also a community with a seriously ageing population. If the hillside escalator links and elevator systems can be put into practice and operation, residents of the whole community will have access to the MTR stations without having to rely on the present road transport alone.

Another concern of mine is the housing policy. I have put a written question to the Transport and Housing Bureau about the actual numbers in 2018-2019 and 2019-2020 based on …… the Transport and Housing Bureau has told us that on average, construction of public housing will take five years, but so far the Bureau has not yet answered me how much land the Government is going to develop for public housing production in 2018-2019 and 2019-2020. The only possible reason is that land is not available, or the Government has still not got hold of the relevant figures. My biggest worry is that in 2018-2019 and 2019-2020, public housing production will drop drastically. If that is the case, how can the targets of the Housing Department or Housing Authority be realized?

I cannot tell how much land is held by the Government because I have no idea. However, both the Development Bureau and the Transport and Housing Bureau which manage the overall land policy in society must first think carefully and then tell the public how the Government can fulfil its promise. Apart from difficulties in the provision of land — which is obvious to all of us, and of course, I am also aware that the Development Bureau is working hard to identify more sites — at the same time we have seen apparent wastage of land resources. As I have mentioned in this Council before, the planning criteria for the precious urban site at Tai Hom Village allow the construction of a floor area of 3 million sq ft, but the present plan is only to construct a floor area of 2 million sq ft, half of which will be used for office and hotel purposes. However, the work of developing hotels and offices is currently being carried out under the policy on revitalization of industrial buildings in San Po Kong. Why does the Administration's policy go in such a way that instead of focusing its planning work on places with the biggest difficulties and needs, it overlaps the use of precious land resources with private development, thus resulting in wastage?

A similar situation can be observed in another housing policy. Members of the public cherish dreams of home ownership. Therefore, as the property price keeps surging, many people are worried that they will be unable to buy their first home. As I have asked during the debate on the Policy Address, should the Government reconstruct the home acquisition ladder and consider establishing a mechanism for people in the middle class or what we call the sandwich class, including them in the subsidized housing policy so that they need not worry they may have to rush to buy their first home? In that case, actually the Government will be able to buy more time. However, why did the Government not do that?

It merely stalled me by saying: "Mr WU, your view is just about distribution of land resources, but we are unable to distribute any land." I believe that if the Government holds out a promise with a vision and asks them to wait some time longer, the public will be willing to accept it. The only problem is that the Government's promise is always hard to fulfil or often remains unfulfilled.

Another issue which is worth examining also concerns housing, that is, how to strike a balance among the development of public housing, Home Ownership Scheme flats and private buildings. That means we need to avoid reappearance of "a town of sadness" like Tin Shui Wai. The development of new towns is highly important, and the development work has to be handled carefully, particularly when Hong Kong already has a sound network of ancillary transport facilities. When such ancillary facilities are to be put in place in the new development areas in the future, how should these new development areas connect with other areas for reasonable regionalization? These are questions which the Transport and Housing Bureau need to consider.

As for the environmental protection policy, we have only noticed that in estimating the public expenditure, the Government often emphasizes the economic perspective …… actually in this regard, I would like to speak for Secretary WONG Kam-sing. As I have heard on a few occasions, when the Secretary proposed an environmental protection policy, very often it would involve the question of cost-effectiveness because of which the other Policy Bureaux might not be convinced. An example is the bike-friendly policy mentioned by me just now. In fact, the Secretary wishes to implement it as well, but the other Policy Bureaux do not have any motivation to do it.

Actually this involves a core issue, that is, if the concept of environmental protection is not a common objective of the whole Government, the relevant government policies will not get out of the East Wing. For this reason, here I would like to talk about this problem. Let me give an example. Suppose $10 billion funding is needed to tackle air pollution, so we approve the funding as far as possible. However, air pollution actually involves another question. That is, while we spend a lot of money to serve as the incentive for vehicle replacement so as to remove old vehicles from the roads, do we concurrently have any transport policy to ensure reduction of newly purchased vehicles on the roads? Are the policies contradictory to one another?

If our whole society has a strong sense of environmental protection, the environment in Hong Kong will be improved. I believe that when foreign investors come to Hong Kong, the first question they would ask is whether Hong Kong is a good city to live in …… I consider that the Environment Bureau should have bigger influence and leading power among the Government's Policy Bureau so as to insure that implementation of policies will not merely give consideration from the angle of cost-effectiveness. Otherwise, it is likely that most of the environmental protection policies will not meet such a requirement. We must consider environmental protection policies from the perspective of social justice and social cost. For example, the price of air pollution should be calculated by the health impact we suffer. As we have learnt from a research conducted by the University of Hong Kong earlier, additional medical expenses resulting from roadside air pollution reached $40 billion. These factors of consideration will enable us to get the right perspective and stay on course more easily in our discussion on environmental protection policies.

Although today's debate does not seem to have anything to do with environmental protection, I still hope that the Government will rectify the present situation where everyone merely minds his own business, so that the concept of environmental protection can penetrate through the administration of the whole Government.

With a little speaking time left, I would like to talk about the healthcare policy. In my constituency, which means Kowloon East, the problems of ageing population and poverty are the most serious in the whole territory, and Wong Tai Sin is among the few districts where accident and emergency service is still not available. Although the Government has indicated long ago that Kai Tak Hospital will be constructed, we have noted that the purpose of the $13 billion funding for which approval will be sought later is to construct a paediatric hospital. For this reason, I would like to ask whether the Government will, taking the healthcare needs of the whole community into account, further expand this $13 billion funding so that apart from the construction of a paediatric hospital, a general hospital with accident and emergency service will also be commissioned in the future. If that is the case, healthcare service, especially accident and emergency service, in the whole Kowloon East will take on a completely new look. Besides, Kowloon East is currently the district where the waiting time for specialist service is the longest. By improving, upgrading and

commencing the service of these medical facilities, the problem of excessively long waiting time should be alleviated.

In my view, the Government is unfair to Kowloon East in the overall healthcare planning because the population in Kowloon East is by no means low, but the share of resources we receive is the smallest among all the clusters. Although I know this issue may not be under the Financial Secretary's purview, I hope he could insistently remind the Hospital Authority in the Budget to do something for Kowloon East during the course of distribution of resources, that is, to do us justice.

Lastly, I would like to point out that during our debate on the building management work of the Home Affairs Department last week, some Honourable colleagues in the Council touched on the shortage of manpower and resources of the Home Affairs Department in building management. However, there is not a single word about this in the Budget.

We should understand that half of the population in our society live in private buildings, but there are only 120 Liaison Officers providing services, while the other half of the population live in public housing, but the support they receive consists of thousands of staff members of the Housing Department, the human resources of the Housing Department Houand the whole system of the Housing Authority. Obviously, the Government has kind of forgotten those who live in private housing. Private housing is where most of the Hong Kong people make their homes and where our property lies. Owing to various reasons *(The buzzer sounded)* ……

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

MR WU CHI-WAI (in Cantonese): I do not support this Budget. Thank you, President.

MR TANG KA-PIU (in Cantonese): President, a few Directors of Bureaux have attended this meeting, including Secretary WONG Kam-sing, whom we saw this morning. He is committed to environmental protection, but I hope he could also

have empathy, especially with drivers. These drivers are, to put it in fine-sounding words, vehicle owners, but in reality, they are forced to give up renting out their vehicles and serve as drivers themselves to make a living. We should have empathy with these professional drivers known as "individual owner-drivers".

Speaking of the environmental protection policy, it can really be described as tricky and thorny. The current-term Government has put forward an electricity charges subsidy so that members of the public will not suffer too much in the face of electricity tariff hikes. Moreover, it seeks to better the fuel mix to bring forward the benefits of emission reduction.

As for buses jamming the busy sections in Yau Tsim Mong and Central, which are commonly regarded as one of the culprits for emission, the Government has generously allocated $550 million to help Euro II and III vehicles retrofit catalytic converters so that vehicle owners can save the depreciated amount and allow vehicles which were originally expected to depreciate to continue to run for a few more years.

Even taxis and green minibuses are treated in the same way, with the exception of a large group of "individual owner-drivers" are not. Just now an Honourable colleague said that these vehicles should be replaced as soon as possible, but only syndicates or principal vehicle owners with financial means may be able to replace their vehicles promptly. That is not the case for owner-drivers aged between 55 and 65 without any financial means. As I have talked with traders in motor companies, Japanese Yen is clearly depreciating, but for some unknown reason, vehicle prices are still on the rise, and the increase can reach 10% or above within two to three months. Actually the reason is very simple. The policy has caused vehicle prices to rise, and this cannot be helped, but the problem is that these vehicle owners do not have strong financial means to replace their vehicles with new ones easily, especially when the vehicles they drive are Euro I rather than Euro III vehicles, and only 20% of them will be replaced. Hence, now the relevant policy has obviously encountered some obstacles. It absolutely shall not be implemented expeditiously as some Members have said.

Today a newspaper has objectively pointed out the queries of Friends of the Earth as to whether resources should be concentrated to advocate replacement of

pre-Euro vehicles which have caused the most serious pollution problem. It is because according to the numerical analysis, the quantity of respirable suspended particulates emitted by pre-Euro vehicles accounts for 50% of the overall emission of commercial diesel vehicles. I hope the Secretary will take this into account. He should not only listen to the views of the trade but also the views of Friends of the Earth or other green groups at the same time.

Here, let me declare that I am Deputy Secretary to Motor Transport Workers General Union. I hope that Secretary Matthew CHEUNG also has the kind of empathy mentioned just now and will pay attention to the substantial occupational risk which drivers face every day. It has been learnt that in 2012, the number of fatal industrial accidents was 29, among which 28 involved the construction industry, while the remaining one involved another profession. However, according to newspaper reports, every month there was one or two accidents where a professional driver was instantly killed. I am not talking about incidents where the injured was sent to the hospital for emergency rescue and died a few days later, since the newspapers might not report such cases. Nevertheless, the problem is that if we want to know how many professional drivers were killed in work-related accidents each month or in each particular period, now we do need to rely on newspaper reports because when inquiries were made on the Traffic Accident Victims Assistance Scheme under the Labour Department, the Transport Department, the Police Force or the Social Welfare Department, none of them could tell us the number of professional drivers who died at work each year. However, the Government's figures told us that there was only one fatal occupational accident which happened in an industry other than the construction industry. I certainly do not believe this figure, but even though I do not believe it, there has got to be some ultimate, objective and impartial statistics.

Last week, CHEUK Wing-hing, Commissioner for Labour, undertook to consider compiling separate statistics on industrial or occupational accidents of professional drivers, which is a relatively special type of occupation. Yet he has merely agreed to give consideration. I hope the Secretary will have empathy in this respect and help these professional drivers. Our wish is that ultimately, we can set up a central compensation scheme for professional drivers, since the amount of tax revenue relating to transport is indeed considerable. I believe the Financial Secretary should understand it very well. The revenue from motor vehicles first registration tax alone, if my memory does not fail me, reached

$6-odd billion, while the toll revenue amounted to some $1 billion. Besides, the Transport Department receives the highest income from daily administrative fees among all government departments. The amount involved is $3-odd billion. All such fees are related to drivers. I just sincerely hope that the Administration will provide a little protection to drivers. We will conduct a statistical survey later, and we hope the relevant departments will accept and listen to the views of professional drivers.

Of course, my speech cannot be limited to professional drivers. I originally wished to focus my discussion on the Mandatory Provident Fund (MPF) system mentioned in paragraphs 117 and 118 of the Budget, which has always been one of my foremost concerns. The Policy Address has repeatedly stressed that Hong Kong is becoming an ageing society, or it must prepare for an ageing society because in 23 years, there will be one elderly person among every four people. We must review whether the MPF system, which has been established for 13 years, can allow wage earners to receive minimum protection upon retirement in 20 or 30 years. As I have criticized time and again, in short, this system has three major problems: low return, high charges and lack of transparency.

There is no need to further elaborate on the low return because according to the newsletter issued by the Mandatory Provident Fund Schemes Authority (MPFA), from its establishment in 2000 to 31 December last year, the annual return rate of MPF was 4%, which sounds pretty good. However, when we asked the MPFA whether the amount of money obtained by wage earners from their withdrawal of ultimate benefits, that is, collection of their contributions, in the past 12 years was higher or lower than their principal (that means the total amount of contributions), the MPFA was unable to give an answer. It turns out that the MPFA does not have the right to ask for these specific figures from the trustees. In other words, that 4% return rate is merely an illusion. Whether everyone can enjoy this return rate is yet to be known.

Speaking of the 4% return rate, actually the SAR Government often talks about an assumed return rate of 5%. For example, regarding the $15 billion funding allocated for the Community Care Fund, the assumed return rate is 5%, and according to the past experience, money kept in the Exchange Fund and loans made to the Ocean Park respectively enjoyed a 5% return rate as well. Given that the Administration regards 5% as a reasonable return rate, and in his reply to

a question in the Legislative Council in 2010, Secretary Prof K C CHAN also assumed that wage earners' MPF investment would have a 5% return rate, what should be done if this target cannot be attained?

In fact, it is by no means unlikely that the target will not be attained. Take, for example, the case of a wage earner whom I have recently assisted and mentioned time and again. He has a stable job which he has done for 10 years. His monthly salary is $10,000, and he is about to retire. Right now his MPF contributions, together with the accrued benefits, amount to $200,000. However, back then (in 2010), Secretary Prof K C CHAN advised in his reply that assuming the return rate was 5%, a wage earner whose monthly salary was $10,000 would obtain $500,000 after he had made contributions for 15 years. With about three years left before his retirement, how can this sum of money possibly grow from $200,000 to $500,000? This is a question which no one can answer. I know that facing an ageing society, the Secretary also feels upset. Yet there are definitely problems with the current return or effectiveness of the MPF system for which a high degree of government intervention is necessary. Of course, regarding the low return, one could stall by saying that the market situation is uncontrollable, but I believe there must be something we can do, one of which is to lower the charges. It is said that in case of market failure, it is necessary to introduce a cap on the fees. Now the market has really failed.

Recently, I have made a brief research, but this is not easy, since the third problem is a lack of transparency in information. Why do I say so? I am a wage earner. The "MPF Semi-Portability" has failed to yield satisfactory results. After it has been implemented for four months, there are only some 40 000 cases, accounting for 2% of the total number of cases, which is far lower than the 10% estimated by the Administration. Nevertheless, suppose I wish to join the "Semi-Portability" scheme, so I need to browse the MPFA's website. However, on the website I can only see comparisons of the relevant charges, and there was no comparison relating to the return rate. It was only after I made another search that I found a link to a page where I could see details of a research conducted by Hong Kong Investment Funds Association, which is probably a neutral organization. Its research information has listed some 400 funds, but the lengthy PDF document consisting of 10 pages there does not contain any comparison of data. Moreover, there are records of returns for only three years. I am not trying to make any analysis on stocks or funds, but as everyone knows, retirement is a long-term plan. What can records of only three years tell?

Furthermore, the 10 funds currently chosen by the highest number of people have taken up 20% of the whole MPF market. Among them, eight funds belong to the same leading trustee company, which is the well-known "lion bank". However, the return rate and risk level of these funds are actually unsatisfactory. Take the fund chosen by the highest number of people as an example. Its risk level is in fact higher than that of all other similar funds. It was also found that as at 31 January, in respect of three years' return, 35 funds had performed better than this fund chosen by most Hong Kong people, and all these 35 funds had a risk level lower than this most popular fund. Can this be deemed as market failure? Firstly, even though there is a choice, whether it be Hong Kong people's reluctance or for whatever reason, it turns out that the fund chosen by most people did not perform the best. This is the first phenomenon of failure.

Secondly, most or some of the funds are substandard funds. What is meant by "substandard funds"? In my own definition, if the amount of assets of a fund is less than $100 million despite 10 years' accumulation, being a retirement fund, it can be regarded as wastage of resources. As stated in the MPFA's report, this kind of funds will only push up the charges of MPF plans. More importantly, wage earners may find it confusing and difficult to make their choice since there are currently as many as 464 funds. Does the Administration have any proposal to cut down or combine these funds? If these funds are allowed to exist further, their gains or losses actually have nothing to do with trustees because trustees simply make profits from the fees imposed. When the fees are not linked with the returns, does it matter if there is any loss of money? After all, that is merely someone else's money.

A situation of utmost importance relating to Secretary Matthew CHEUNG is that when outsourced workers' employment contracts are changed every few years with the MPF contributions being used for offsetting purposes, they will further neglect their own MPF benefits because their contributions are often used for offsetting. According to some extremely absurd figures which have been obtained recently, since the establishment of the MPF scheme, the amount used for offsetting reached $18.7 billion, 30% higher than the amount of money collected for retirement. It can be said that such a scheme has degenerated into a fund for offsetting. Hence, it is obvious that the MPF fails to give the public confidence. Despite the Financial Secretary's view that the three pillars should suffice, people have lost confidence in this pillar. Thus, in response to his remark in paragraph 117 of the Budget about "the implementation of a cap on

MPF fees that will be introduced in case of market failure", I would like to point out that firstly, I think that now the market has already failed. Secondly, it is not only necessary to introduce a cap on the fees, those meaningless or substandard funds should also be cut down decisively. The Government might as well boldly follow the examples of the United Kingdom, Chile and Australia which implement personal savings schemes, or even centralize the trustee service and outsource or call for tenders to identify a company specialized in administrative work, then select 10 or 20 funds for wage earners to choose, rather than adopting the present practice which seems to give them a choice but in fact, with 400-odd funds, they have no idea how to make such a choice.

As a matter of fact, even though the Administration has set out various methods of improvement, the Hong Kong Federation of Trade Unions (FTU) still finds them insufficient because after all, the MPF scheme is faced with a few major problems. First, the replacement rate is not high enough, especially for workers at the grass-roots level. Second, what about those people who have not joined the MPF scheme? Third, how should retirees respond if they meet any risk after they have collected the entire sum of MPF? Therefore, we consider that the establishment of a universal retirement protection fund or implementation of the comprehensive retirement protection proposal made by the FTU, which will provide another form of protection for the entire population other than the MPF scheme, is indeed necessary and desirable.

Members of different political parties and groupings have proposed that even if the Government cannot bring up a final proposal, it can set aside a sum of money for this purpose in the way it did a few years ago when $50 billion was earmarked in the Budget as a medical fund. Similarly, at present, no healthcare proposal has been put in place yet. Whether voluntary insurance or large-scale financing schemes will be set up remains unknown, but the Government has still earmarked a sum of money. As such, why not set up a fund in advance for the retirement proposal and allocate a sum of money to reassure the public, so that people who are going to retire can rest assured that they can enjoy their twilight years after a whole life of hard work?

I so submit. Thank you.

(Mr CHAN Chi-chuen rose)

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, what is your point?

MR CHAN CHI-CHUEN (in Cantonese): I request a headcount.

PRESIDENT (in Cantonese): Clerk, please ring the bell to summon Members to the Chamber.

NEXT MEETING

(After the summoning bell stopped, a quorum was still not present in the Chamber)

PRESIDENT (in Cantonese): As 15 minutes have expired and a quorum is still not present in the Chamber, I now adjourn the Council.

Adjourned accordingly at Ten o'clock.