# OFFICIAL RECORD OF PROCEEDINGS

## Wednesday, 11 February 2015

## 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, G.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, B.B.S., M.H.

PROF THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P., Ph.D., R.N.

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, J.P.

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, S.B.S., J.P.

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE WONG KWOK-KIN, S.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 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 YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

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

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

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, S.B.S., J.P.

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, S.B.S., J.P.

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

THE HONOURABLE TANG KA-PIU, J.P.

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, B.B.S.

## MEMBERS ABSENT:

THE HONOURABLE CHEUNG KWOK-CHE

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

THE HONOURABLE WU CHI-WAI, M.H.

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

## PUBLIC OFFICERS ATTENDING:

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

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

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

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

MR GODFREY LEUNG KING-KWOK, J.P.
UNDER SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

MR JAMES HENRY LAU JR., J.P.
UNDER SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

# CLERKS IN ATTENDANCE:

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

MRS JUSTINA LAM CHENG BO-LING, DEPUTY SECRETARY GENERAL

MS ANITA SIT, ASSISTANT SECRETARY GENERAL

MISS FLORA TAI YIN-PING, ASSISTANT SECRETARY GENERAL

MISS ODELIA LEUNG HING-YEE, ASSISTANT SECRETARY GENERAL

MR MATTHEW LOO, ASSISTANT SECRETARY GENERAL

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

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

## TABLING OF PAPERS

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

| Subsidiary Legislation/Instruments | *L.N. No.* |
|---|---|
| Allowances to Jurors (Amendment) Order 2015..... | 29/2015 |
| Pharmacy and Poisons (Amendment) Ordinance 2015 (Commencement) Notice..... | 30/2015 |

Other Papers

No. 66 ─ Education Scholarships Fund
Trustee's Report on the Administration of the Fund and Financial Statements for the year ended 31 August 2014

No. 67 ─ Employees' Compensation Insurance Levies Management Board
Annual Report 2013/2014

No. 68 ─ Employees Compensation Assistance Fund Board
Annual Report 2013-2014

No. 69 ─ Occupational Deafness Compensation Board
Annual Report 2013/2014

No. 70 ─ Pneumoconiosis Compensation Fund Board
Annual Report 2013

No. 71 ─ Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2014 and the Results of Value for Money Audits (Report No. 63)
(February 2015 ─ P.A.C. Report No. 63)

Report No. 12/14-15 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

## ADDRESSES

**PRESIDENT** (in Cantonese): Address. Mr Abraham SHEK will address the Council on the "Public Accounts Committee Report No. 63". Mr Abraham SHEK.

**Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2014 and the Results of Value for Money Audits (Report No. 63)**
**(February 2015 — P.A.C. Report No. 63)**

**MR ABRAHAM SHEK**: President, on behalf of the Public Accounts Committee (the Committee), I have the honour to table our Report No. 63 today.

The Committee has, as in the past, decided to hold hearings on those chapters covered by the Director of Audit's Report No. 63 which, in our views, contained more serious allegations of irregularities and shortcomings. The Committee's Report tabled today covers our conclusions and recommendations on three of the four chapters selected. The Committee has decided to defer the tabling of the full report for the selected chapter on "Administration of the air traffic control and related services" to allow ourselves more time to consider the issues raised in the Audit Report, and also in view of the information provided by the witnesses.

I now succinctly report the conclusions and recommendations on the three chapters covered in this Report No. 63.

First, I would like to speak on the new Civil Aviation Department (CAD) headquarters. The Committee considers it inexcusable and condemns the CAD and the Architectural Services Department (ASD) that in the implementation of the new CAD headquarters, the CAD had deliberately overridden the Administration's internal mechanism to regulate the use of public money. The ASD had failed to perform its role as the project director of the project to ensure the CAD's compliance with the relevant regulations and guidelines, undermining the Administration's internal mechanism of checks and balances. This is evidenced by the numerous incidents of non-compliance with the approved schedule of accommodation and the requirements of the relevant Government circulars in the procurement of new furniture and equipment in the headquarters.

The Committee also deplores the Director-General of Civil Aviation who has wilfully neglected his responsibilities and duties to provide complete, accurate and not misleading information to the Legislative Council for funding approval. It is evidenced by the fact that the CAD had turned a future provision of 1 500 sq m of area which was reserved for future expansion beyond 2025 into a present construction in the new headquarters. This piece of material information has never been mentioned in the papers to the relevant Legislative Council Panel, Public Works Subcommittee and Finance Committee.

The Committee notes that in addition to the improvement measures undertaken and to be undertaken by the CAD and the ASD to strengthen internal control to ensure compliance with the relevant Government regulations and guidelines in the future, the Secretary for Transport and Housing has requested the Director-General of Civil Aviation to provide a detailed report to review the irregularities on the implementation of the project. The Transport and Housing Bureau will look into details of events in depth to see if there is room for procedural improvements apart from those recommended in the Audit Report. If there is any misconduct of staff, the Transport and Housing Bureau will follow up in accordance with established procedures and take appropriate administrative or disciplinary action where necessary. The Committee wishes to be informed of the report and any follow-up actions to be taken by the Transport and Housing Bureau.

The second and third subjects which I will briefly report are related to provision of long-term care services and health services for the elderly. The Committee recognizes the important contribution of the elderly population to the

community and considers that it is incumbent for the Administration to provide appropriate long-term care and health services for all the elderly who are in need.

On the subject of long-term care services for the elderly, the Committee expresses grave concern and finds it unacceptable that the Labour and Welfare Bureau and the Social Welfare Department (SWD) have failed in making sufficient efforts in discharging their responsibilities in the provision of long-term care service for the elderly and have not maximized the effective use of the limited subsidized long-term care places available.

With an ageing population, the demand for long-term care services for the elderly has been, and will be, growing. Despite that the Administration has adopted the policy of "ageing in place as the core", the Committee expresses grave concern that the Labour and Welfare Bureau and the SWD have not provided sufficient resources, ancillary and support services for the provision of community care services.

The Committee also expresses grave concern and finds it unacceptable about insufficient residential care places. As at end August 2014, there were some 31 000 elderly on the Central Waiting List but there were only 26 000 subsidized places, resulting in a long waiting time of 36 months for a subsidized care and attention place at a subvented/contract residential care home for the elderly. The Committee expresses deep regret and sadness that in 2013-2014, the number of elderly on the Central Waiting List who had passed away while waiting for residential care places had reached 5 700.

The Committee wishes that apart from strengthening all possible measures to increase the provision of both community care services and residential care services, the Administration should expedite the formulation of a medium-term and long-term planning for the long-term care policy for the elderly taking into account the projections on the proportion and growth of the elderly population and their needs. The Committee notes that the Administration has tasked the Elderly Commission in 2014 to prepare an Elderly Services Programme Plan within two years.

I now turn to the third subject on the provision of health services for the elderly. The Committee expresses strong concern that despite substantial resources allocated to the Department of Health (DH) and the Hospital Authority

(HA) for the provision of elderly health services, the resources have not been utilized and managed optimally and effectively to provide timely, efficient and value-for-money services for the elderly. This is evidenced by the long waiting time for first-time assessments at the elderly health centres, the low enrolment rates for the Medical Practitioners and Chinese Medical Practitioners under the Elderly Health Care Voucher Scheme as well as a general increasing waiting time for Routine cases of elderly patients at specialist out-patient clinics.

The Committee urges the DH to conduct a comprehensive review of the elderly health centre's mode of operation to better cope with the growth in service demand arising from an ageing population. The HA is also urged to consider measures to better cater for the increasing healthcare needs of the elderly patients; to keep the situation under constant review and to revisit, when necessary, the need to re-designate Geriatrics, presently a sub-specialty under the Medicine Specialty, as a separate specialty.

Lastly, President, I wish to record my appreciation of the contributions made by members of the Committee. Our gratitude also goes to the witnesses who attended the hearings held by the Committee. I would also like to express our gratitude to the Director of Audit and his colleagues for their unfailing support. Last but not least, I would also like to thank the Secretariat staff for giving us great support. Thank you.

## WRITTEN ANSWERS TO QUESTIONS

### Self-financing Programmes Offered by Tertiary Institutions

1. **MR IP KIN-YUEN** (in Chinese): *President, the 2015 Policy Address has pointed out that some tertiary institutions funded by the University Grants Committee (UGC-funded institutions) have accumulated large surpluses through the self-financing programmes offered by their community colleges. The Government will therefore ask the UGC-funded institutions to critically review their financial position and consider different ways to use their surpluses to benefit their students, e.g. lowering tuition fees and offering scholarships or bursaries for underprivileged students. Regarding the full-time and part-time self-financing post-secondary programmes (self-financing programmes) offered*

*by the departments (such as community colleges) of UGC-funded and non-publicly funded (non-funded) tertiary institutions, will the Government inform this Council:*

*(1) whether it knows, in respect of the various types of self-financing programmes offered by the departments of each UGC-funded institution in each of the past five academic years, the respective numbers of such programmes, as well as (i) the student intakes, (ii) the tuition fee income, (iii) the number of full-time and part-time teaching and non-teaching staff members employed, and (iv) payroll expenses for such staff members, of such programmes respectively;*

*(2) whether it knows the amounts of surpluses/deficits as a result of offering self-financing programmes by the departments of each UGC-funded institution in each of the past five academic years, and whether the amounts of such surpluses/deficits were shared/borne between the departments and their parent institutions; if so, how the institutions use the surpluses; whether the departments are required to pay fees to their parent institutions in respect of their self-financing programmes; if so, of the details of such fees;*

*(3) how the authorities will ensure that the UGC-funded institutions will use their surpluses, derived from offering self-financing programmes, to benefit their students, as well as monitor the use of such surpluses by the departments of these institutions;*

*(4) whether it knows, in respect of various types of self-financing programmes offered by the departments of each non-funded institution in each of the past five academic years, the respective numbers of such programmes, as well as (i) the student intakes, (ii) the tuition fee income, (iii) the number of full-time and part-time teaching and non-teaching staff members employed, and (iv) payroll expenses for such staff members, of such programmes respectively; and*

*(5) whether it knows the amounts of surpluses/deficits as a result of offering self-financing programmes by the departments of each non-funded institution in each of the past five academic years?*

**SECRETARY FOR EDUCATION** (in Chinese): President, the self-financing sector forms an essential part of Hong Kong's post-secondary education in that it plays an important role in broadening the opportunities and choices for further studies, and in providing quality, diversified and flexible pathways with multiple entry and exit points for school leavers. The sector also helps diversify our higher education sector and is conducive to Hong Kong's further development as a regional education hub. In addition, the self-financing sector is responsive to changing social needs, thereby playing a pivotal role in upgrading the quality of human resources in Hong Kong by offering continuing and professional education as well as lifelong learning opportunities for our workforce and the community at large.

(1)(i) and (4)(i)

The number of full-time locally-accredited self-financing sub-degree and undergraduate degree programmes (including top-up degree programmes) offered by each post-secondary institution and the student intakes in the past five academic years are set out at Annex 1.

(1)(ii) to (iv), (2) and (3)

Self-financing post-secondary institutions in Hong Kong enjoy a high degree of institutional autonomy in academic development and administration. When setting the tuition fee levels for self-financing programmes, most institutions plan on the basis of a balanced budget and adopt a prudent approach, taking into account a basket of factors including planned enrolment, similar programmes offered in the community, and affordability of the target group. Post-secondary institutions are non-profit-making. Any surplus in a year will be kept in their reserve and ploughed back in support of teaching and learning activities, curriculum development, scholarships for students, research activities, and the maintenance, replacement and improvement of teaching and learning facilities for the benefits of students.

The eight institutions funded by the University Grants Committee (UGC) are autonomous statutory bodies, each established under its own ordinance and with institutional autonomy in conducting

self-financing activities and setting up jointly-run or self-administered establishments. Information on tuition fee incomes from self-financing programmes offered by the UGC-funded institutions proper, their community colleges and other self-financing education arms in the past five academic years is at Annex 2, the number of academic and non-academic staff engaged and the payroll costs are at Annex 3, and information on surplus and deficit is at Annex 4.

While upholding the spirit of institutional autonomy, UGC always expects institutions to remain committed to transparency and accountability in their operations to ensure that funding is put to appropriate uses that serve the best interests of the community and students. Moreover, as publicly-funded entities, institutions should ensure that non-UGC-funded activities do not detract from the core work of the institutions, have distinct separation of resources from the UGC-funded programmes/activities and are financially viable and sustainable.

The UGC Notes on Procedures provide that UGC-funded institutions should keep separate financial accounts for their publicly-funded and self-financing programmes. Moreover, there should be no cross-subsidization of UGC resources to non-UGC-funded activities. To avoid hidden subsidy to non-UGC-funded activities, institutions should, in principle, levy overhead charges on such activities, including projects/programmes conducted by the self-financing subsidiaries or associates of the institutions. According to the data provided by the institutions, UGC-funded institutions should recover academic and teaching staff costs and payments for the use of campus facilities, central administrative services and academic support services by charging their academic departments/community colleges/other self-financing education arms.

Surpluses derived from non-UGC-funded activities are deployed according to individual institutions' internal policies and guidelines. It is learned that such surpluses are mainly used in the daily operation of self-financing programmes as well as the affairs and development projects of the institutions. Reserve from self-financing programmes may also be redirected to UGC-funded

programmes for procuring additional campus facilities, classroom facilities and equipment, and so on. In general, the institutions proper do not provide any subsidy to self-financing units if the latter incur deficit.

As announced by the Chief Executive in the 2015 Policy Address, we will continue to request the institutions to critically review their financial position and consider possible means to make use of their surpluses to benefit their students as far as possible.

(4)(ii) to (iv) and (5)

Regarding other non-UGC-funded institutions proper, their community colleges and other self-financing education arms, information on the number of academic and non-academic staff, both full-time and part-time, engaged in the past five academic years is at Annex 5. Data on tuition fee incomes, payroll costs of academic and non-academic staff as well as surpluses/deficits arising from the self-financing programmes offered are not available since most of the institutions regard such information as commercially sensitive in view of the self-financing nature in the operation of the programmes concerned.

To drive for further enhancement of governance and quality assurance of the self-financing sector, the Committee on Self-financing Post-secondary Education (CSPE) has earlier engaged an external consultant to conduct a Consultancy Study on Local and International Good Practices in the Governance and Quality Assurance of the Self-financing Post-secondary Education Sector, with a view to developing a code of good practices for further advancing the development of the sector. The report of the Consultancy Study was published in August 2014. The full report and the executive summary have been uploaded onto the Concourse website <www.cspe.edu.hk> for access by the public. CSPE held a sharing session with institutions, and so on, in November 2014 for exchange of views on the findings of the report and its recommendations on the formulation of good practices on governance and quality assurance for the self-financing post-secondary sector. CSPE is consulting relevant stakeholders on

the draft code of good practices. The consultation period will end in mid-March. The code is expected to be finalized and ready for release in the first half of 2015 for the self-financing institutions to adopt on a voluntary basis.

Annex 1

Number of full-time locally-accredited self-financing sub-degree, undergraduate degree and top-up degree programmes offered by post-secondary institutions and respective student intakes (2010-2011 to 2014-2015 academic years)

| *Institutions* | *2010-2011* | | *2011-2012* | | *2012-2013* | | *2013-2014* | | *2014-2015 (as at 1.10.2014)* | |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Number of pro-grammes* | *Intake* | *Number of pro-grammes* | *Intake* | *Number of pro-grammes* | *Intake* | *Number of pro-grammes* | *Intake* | *Number of pro-grammes* | *Intake* |
| Caritas Bianchi College of Careers | 3 | 386 | 3 | 339 | 4 | 179 | 4 | 214 | 4 | 195 |
| Caritas Institute of Community Education | - | - | - | - | - | - | - | - | 2 | 36 |
| Caritas Institute of Higher Education | 6 | 399 | 8 | 342 | 8 | 275 | 10 | 344 | 15 | 521 |
| Centennial College | - | - | - | - | 4 | 285 | 4 | 231 | 4 | 233 |
| Chu Hai College of Higher Education | 10 | 225 | 10 | 274 | 11 | 852 | 11 | 309 | 11 | 381 |
| City University of Hong Kong* | 45 | 4 595 | 45 | 4 243 | 58 | 4 743 | 58 | 5 043 | 49 | 4 460 |
| Hang Seng Management College | 7 | 937 | 8 | 747 | 9 | 2 075 | 9 | 926 | 15 | 1 678 |
| HKCT Institute of Higher Education | - | - | - | - | - | - | - | - | 2 | 9 |
| Hong Kong Adventist College | - | - | - | - | 1 | 1 | 1 | - | - | - |
| Hong Kong Art School (Division of Hong Kong Arts Centre) | 3 | 69 | 2 | 46 | 3 | 138 | 3 | 96 | 3 | 110 |
| Hong Kong Baptist University* | 31 | 3 007 | 33 | 2 852 | 35 | 3 525 | 38 | 2 436 | 48 | 2 986 |
| Hong Kong College of Technology | 11 | 507 | 11 | 387 | 22 | 206 | 23 | 339 | 22 | 376 |
| Hong Kong Institute of Technology | 4 | 238 | 4 | 242 | 15 | 589 | 13 | 785 | 13 | 591 |
| Hong Kong Nang Yan College of Higher Education | - | - | - | - | 3 | 12 | 4 | 20 | 8 | 27 |

| *Institutions* | *2010-2011* | | *2011-2012* | | *2012-2013* | | *2013-2014* | | *2014-2015 (as at 1.10.2014)* | |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Number of pro-grammes* | *Intake* | *Number of pro-grammes* | *Intake* | *Number of pro-grammes* | *Intake* | *Number of pro-grammes* | *Intake* | *Number of pro-grammes* | *Intake* |
| Hong Kong Shue Yan University | 12 | 1 256 | 12 | 1 277 | 12 | 1 354 | 12 | 1 495 | 12 | 1 274 |
| Kaplan Business & Accountancy School | - | - | - | - | 1 | 14 | - | - | - | - |
| Lingnan University* | 40 | 1 869 | 33 | 1 998 | 44 | 3 514 | 39 | 1 333 | 35 | 628 |
| Pui Ching Academy | - | - | - | - | 2 | - | 4 | 3 | - | - |
| Sacred Heart Canossian College of Commerce | - | - | 1 | 110 | 1 | 116 | - | - | - | - |
| SCAD Foundation (Hong Kong) Limited | - | - | 8 | 88 | 8 | 113 | 13 | 138 | 13 | 129 |
| The Chinese University of Hong Kong* | 26 | 1 597 | 26 | 1 101 | 32 | 1 573 | 34 | 1 274 | 35 | 1 589 |
| The Chinese University of Hong Kong — Tung Wah Group of Hospitals Community College | 21 | 1 343 | 21 | 842 | - | - | - | - | - | - |
| The Hong Kong Institute of Education* | 9 | 510 | 17 | 814 | 15 | 747 | 11 | 640 | 17 | 704 |
| The Hong Kong Polytechnic University* | 53 | 5 592 | 53 | 5 901 | 59 | 6 450 | 61 | 5 586 | 65 | 5 734 |
| The Hong Kong University of Science and Technology* | - | - | - | - | - | - | - | - | 1 | 41 |
| The Open University of Hong Kong | 60 | 2 648 | 61 | 3 001 | 68 | 2 837 | 64 | 3 221 | 81 | 3 925 |
| University of Hong Kong* | 48 | 4 919 | 48 | 4 199 | 49 | 8 233 | 63 | 3 795 | 68 | 4 609 |
| Tung Wah College | - | - | 3 | 367 | 11 | 885 | 13 | 799 | 12 | 658 |
| Vocational Training Council | 46 | 4 796 | 46 | 3 919 | 48 | 4 883 | 62 | 5 411 | 83 | 6 292 |
| Yew Chung Community College | 1 | 6 | 1 | 15 | 3 | 56 | 3 | 44 | 4 | 86 |
| YMCA College of Careers | - | - | - | - | 3 | 48 | 3 | 23 | 2 | 29 |

Notes:

- Means no intake or no programmes offered by the institution.

* Include figures from the institution-proper, its community college and other self-financing education arms.

Annex 2

Tuition fee income from self-financing programmes offered by UGC-funded institutions proper, their community colleges and other self-financing education arms (2009-2010 to 2013-2014 academic years)

| *Institutions ($ million)* | *CityU* | | | | | *HKBU* | | | | | *LU* | | | | | *CUHK[(1)]* | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Academic year* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* |
| Institutions proper | | | | | | | | | | | | | | | | | | | | |
| SD | - | - | - | - | - | 128 | 172 | 189 | 261 | 241 | - | - | - | - | - | 200 | 214 | 13 | 11 | 11 |
| UG | 163 | 128 | 115 | 110 | 110 | 110 | 129 | 132 | 117 | 133 | 7 | 8 | 3 | - | - | 20 | 20 | 6 | 3 | 1 |
| Tpg | 222 | 263 | 304 | 360 | 431 | 146 | 160 | 183 | 233 | 266 | 19 | 22 | 27 | 32 | 27 | 427 | 497 | 578 | 706 | 813 |
| Rpg | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | - | - | - |
| Total | 385 | 391 | 419 | 470 | 541 | 384 | 461 | 504 | 611 | 640 | 26 | 30 | 30 | 32 | 27 | 648 | 732 | 597 | 720 | 825 |
| Community colleges | | | | | | | | | | | | | | | | | | | | |
| SD | 270 | 281 | 286 | 313 | 315 | - | - | - | - | - | 60 | 94 | 123 | 123 | 92 | - | - | - | - | - |
| UG | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tpg | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rpg | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 270 | 281 | 286 | 313 | 315 | - | - | - | - | - | 60 | 94 | 123 | 123 | 92 | - | - | - | - | - |
| Other self-financing education arms | | | | | | | | | | | | | | | | | | | | |
| SD | 1 | 2 | 2 | 2 | 1 | - | - | - | - | - | 56 | 82 | 25 | 201 | 134 | - | - | 201 | 210 | 173 |
| UG | 228 | 238 | 227 | 221 | 237 | - | - | - | - | - | 2 | 3 | 5 | 8 | 4 | - | - | 9 | 13 | 15 |
| Tpg | 24 | 28 | 19 | 24 | 23 | - | - | - | - | - | - | 1 | 1 | 1 | - | - | - | 1 | 1 | 1 |
| Rpg | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 253 | 268 | 248 | 247 | 261 | - | - | - | - | - | 58 | 86 | 31 | 210 | 138 | - | - | 211 | 224 | 189 |

| *Institutions ($ million)* | *HKIEd[(2)]* | | | | | *PolyU[(3)]* | | | | | *HKUST* | | | | | *HKU* | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Academic year* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* |
| Institutions proper | | | | | | | | | | | | | | | | | | | | |
| SD | 4 | - | - | 22 | 21 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| UG | 5 | 11 | 37 | 62 | 87 | 239 | 248 | 279 | 254 | 265 | - | - | - | - | - | 28 | 32 | 29 | 34 | 34 |
| Tpg | 35 | 44 | 53 | 55 | 72 | 315 | 334 | 396 | 385 | 471 | 265 | 274 | 317 | 359 | 377 | 367 | 402 | 460 | 519 | 553 |

| *Institutions ($ million)* | *HKIEd[(2)]* | | | | | *PolyU[(3)]* | | | | | *HKUST* | | | | | *HKU* | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Academic year* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* |
| Rpg | - | - | - | - | - | - | - | - | 2 | 5 | - | 1 | 1 | 4 | 6 | 2 | 4 | 5 | 5 | 7 |
| Total | 44 | 55 | 90 | 139 | 180 | 554 | 582 | 675 | 641 | 741 | 265 | 275 | 318 | 363 | 383 | 397 | 438 | 494 | 558 | 594 |
| Community colleges | | | | | | | | | | | | | | | | | | | | |
| SD | 15 | 21 | 28 | 5 | - | 241 | 305 | 366 | 411 | 395 | - | - | - | - | - | - | - | - | - | - |
| UG | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tpg | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rpg | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 15 | 21 | 28 | 5 | - | 241 | 305 | 366 | 411 | 395 | - | - | - | - | - | - | - | - | - | - |
| Other self-financing education arms | | | | | | | | | | | | | | | | | | | | |
| SD | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 464 | 478 | 451 | 599 | 548 |
| UG | - | - | - | - | - | 111 | 134 | 147 | 155 | 163 | - | - | - | - | - | 193 | 186 | 195 | 209 | 211 |
| Tpg | - | - | - | - | - | 15 | 13 | 8 | 4 | 1 | - | - | - | - | - | 77 | 75 | 107 | 114 | 120 |
| Rpg | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | 126 | 147 | 155 | 159 | 164 | - | - | - | - | - | 734 | 739 | 753 | 922 | 879 |

Abbreviations:

SD Sub-degree
UG Undergraduate
Tpg Taught postgraduate
Rpg Research postgraduate

CityU City University of Hong Kong
HKBU Hong Kong Baptist Unversity
LU Lingnan University
CUHK The Chinese University of Hong Kong
HKIEd The Hong Kong Institute of Education
PolyU The Hong Kong Polytechnic University
HKUST The Hong Kong University of Science and Technology
HKU University of Hong Kong

Notes:

- Means no programmes offered by the institution.

(1) According to CUHK's reply,
- other self-financing education arms include The Chinese University of Hong Kong — School of Continuing and Professional Studies (CUSCS); and
- The Chinese University of Hong Kong — Tung Wah Group of Hospitals Community College Limited (CUTW) is an associate of CUHK and a separate legal entity truly independent of CUHK. The financial information of CUTW is therefore not available. The CUTW, established jointly by CUHK and Tung Wah Group of Hospitals, has ceased operation since 2013 upon completion of its historical mission.

(2) According to HKIEd's reply, the tuition fee income of the institution proper is from award-bearing self-financing programmes only, and income from tendered courses and consultancy works is not included.

(3) According to PolyU's reply, tuition fee income from non-award-bearing programmes is excluded.

Annex 3

Number of academic and non-academic staff engaged in self-financing programmes offered by UGC-funded institutions proper, their community colleges and other self-financing education arms and related payroll costs (2009-2010 to 2013-2014 academic years)

| *A. Institutions proper* | *CityU*[2] | | *HKBU*[3] | | *LU* | | *CUHK*[4] | | *HKIEd* | | *PolyU*[6] | | *HKUST* | | *HKU*[7] | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* |
| Number of staff[1] | | | | | | | | | | | | | | | | |
| 2009-2010 | | | | | | | | | | | | | | | | |
| Academic staff | 272 | 67 | 311 | 232 | 5 | 2 | 76 | 206 | 3 | 23 | 173 | 929 | 1 | 2 | | |
| Non-academic staff | N/A | | 296 | - | 11 | 0 | 154 | 3 | 8 | 7 | N/A | | 61 | - | N/A | |
| Total | 272 | 67 | 607 | 232 | 16 | 2 | 230 | 209 | 11 | 30 | 173 | 929 | 62 | 2 | | |
| 2010-2011 | | | | | | | | | | | | | | | | |
| Academic staff | 259 | 67 | 335 | 209 | 4 | 3 | 80 | 216 | 2 | 31 | 188 | 974 | 1 | 1 | | |
| Non-academic staff | N/A | | 309 | - | 13 | 0 | 152 | 5 | 14 | 6 | N/A | | 59 | - | N/A | |
| Total | 259 | 67 | 644 | 209 | 17 | 3 | 232 | 221 | 16 | 37 | 188 | 974 | 60 | 1 | | |
| 2011-2012 | | | | | | | | | | | | | | | | |
| Academic staff | 258 | 62 | 361 | 212 | 5 | 3 | 96 | 265 | 1 | 34 | 202 | 1 027 | 4 | 5 | | |
| Non-academic staff | N/A | | 308 | 3 | 14 | 0 | 161 | 1 | 17 | 0 | N/A | | 67 | - | N/A | |
| Total | 258 | 62 | 669 | 215 | 19 | 3 | 257 | 266 | 18 | 34 | 202 | 1 027 | 71 | 5 | | |
| 2012-2013 | | | | | | | | | | | | | | | | |
| Academic staff | 254 | 58 | 368 | 258 | 4 | 3 | 120 | 314 | 10 | 36 | 200 | 1 032 | 5 | 3 | | |
| Non-academic staff | N/A | | 331 | 2 | 13 | 0 | 197 | - | 12 | 12 | N/A | | 70 | - | N/A | |
| Total | 254 | 58 | 699 | 260 | 17 | 3 | 317 | 314 | 22 | 48 | 200 | 1 032 | 75 | 3 | | |
| 2013-2014 | | | | | | | | | | | | | | | | |
| Academic staff | 263 | 50 | 383 | 309 | 4 | 3 | 138 | 310 | 10 | 49 | 200 | 1 147 | 4 | 3 | | |
| Non-academic staff | N/A | | 352 | 3 | 14 | 1 | 205 | - | 16 | 10 | N/A | | 81 | - | N/A | |
| Total | 263 | 50 | 735 | 312 | 18 | 4 | 343 | 310 | 26 | 59 | 200 | 1 147 | 85 | 3 | | |
| Staff costs ($ million) | | | | | | | | | | | | | | | | |
| 2009-2010 | | | | | | | | | | | | | | | | |
| Academic staff | 151 | | 101 | | 6 | | 89 | | 21 | | 229 | | 38 | | | |
| Non-academic staff | 15 | | 34 | | 2 | | 33 | | 4 | | 39 | | 23 | | 143 | |
| Total | 166 | | 135 | | 8 | | 122 | | 25 | | 268 | | 61 | | | |
| 2010-2011 | | | | | | | | | | | | | | | | |
| Academic staff | 151 | | 117 | | 6 | | 96 | | 27 | | 233 | | 40 | | | |
| Non-academic staff | 19 | | 40 | | 2 | | 35 | | 6 | | 47 | | 19 | | 141 | |
| Total | 170 | | 157 | | 8 | | 131 | | 33 | | 280 | | 59 | | | |
| 2011-2012 | | | | | | | | | | | | | | | | |
| Academic staff | 167 | | 139 | | 7 | | 108 | | 31 | | 265 | | 45 | | | |
| Non-academic staff | 21 | | 43 | | 2 | | 44 | | 5 | | 52 | | 29 | | 158 | |
| Total | 188 | | 182 | | 9 | | 152 | | 36 | | 317 | | 74 | | | |
| 2012-2013 | | | | | | | | | | | | | | | | |
| Academic staff | 180 | | 161 | | 7 | | 132 | | 43 | | 269 | | 44 | | | |
| Non-academic staff | 20 | | 51 | | 3 | | 57 | | 8 | | 56 | | 34 | | 176 | |
| Total | 200 | | 212 | | 10 | | 189 | | 51 | | 325 | | 78 | | | |

| *A. Institutions proper* | *CityU*[2] | | *HKBU*[3] | | *LU* | | *CUHK*[4] | | *HKIEd* | | *PolyU*[6] | | *HKUST* | | *HKU*[7] | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* |
| 2013-2014 | | | | | | | | | | | | | | | | |
| Academic staff | 202 | | 188 | | 7 | | 157 | | 56 | | 276 | | 55 | | 194 | |
| Non-academic staff | 25 | | 58 | | 3 | | 65 | | 10 | | 56 | | 48 | | | |
| Total | 227 | | 246 | | 10 | | 222 | | 66 | | 332 | | 103 | | | |

| *B. Community colleges* | *CityU*[10] | | *HKBU*[3] | | *LU* | | *CUHK*[4] | | *HKIEd*[5] | | *PolyU*[9] | | *HKUST*[11] | | *HKU*[7] | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* |
| Number of staff[1] | | | | | | | | | | | | | | | | |
| 2009-2010 | | | | | | | | | | | | | | | | |
| Academic staff | 138 | 39 | - | - | 38 | 4 | - | - | 15 | 5 | 170 | 192 | - | - | - | - |
| Non-academic staff | 65 | - | - | - | 28 | 1 | - | - | 5 | - | 74 | 467 | - | - | - | - |
| Total | 203 | 39 | - | - | 66 | 5 | - | - | 20 | 5 | 244 | 659 | - | - | - | - |
| 2010-2011 | | | | | | | | | | | | | | | | |
| Academic staff | 140 | 42 | - | - | 52 | 12 | - | - | 21 | 5 | 195 | 191 | - | - | - | - |
| Non-academic staff | 66 | - | - | - | 36 | 1 | - | - | 5 | - | 75 | 460 | - | - | - | - |
| Total | 206 | 42 | - | - | 88 | 13 | - | - | 26 | 5 | 270 | 651 | - | - | - | - |
| 2011-2012 | | | | | | | | | | | | | | | | |
| Academic staff | 142 | 45 | - | - | 72 | 12 | - | - | 18 | 7 | 200 | 218 | - | - | - | - |
| Non-academic staff | 63 | - | - | - | 39 | 1 | - | - | 11 | - | 84 | 524 | - | - | - | - |
| Total | 205 | 45 | - | - | 111 | 13 | - | - | 29 | 7 | 284 | 742 | - | - | - | - |
| 2012-2013 | | | | | | | | | | | | | | | | |
| Academic staff | 143 | 41 | - | - | 83 | 6 | - | - | 7 | 1 | 207 | 229 | - | - | - | - |
| Non-academic staff | 55 | - | - | - | 44 | 2 | - | - | 3 | - | 90 | 584 | - | - | - | - |
| Total | 198 | 41 | - | - | 127 | 8 | - | - | 10 | 1 | 297 | 813 | - | - | - | - |
| 2013-2014 | | | | | | | | | | | | | | | | |
| Academic staff | 147 | 40 | - | - | 78 | 5 | - | - | - | - | 213 | 178 | - | - | - | - |
| Non-academic staff | 54 | - | - | - | 48 | 3 | - | - | - | - | 91 | 533 | - | - | - | - |
| Total | 201 | 40 | - | - | 126 | 8 | - | - | - | - | 304 | 711 | - | - | - | - |
| Staff costs ($ million) | | | | | | | | | | | | | | | | |
| 2009-2010 | | | | | | | | | | | | | | | | |
| Academic staff | 83 | | - | | 16 | | - | | 8 | | 99 | | - | | - | |
| Non-academic staff | 18 | | - | | 7 | | - | | 1 | | 24 | | - | | - | |
| Total | 101 | | - | | 23 | | - | | 9 | | 123 | | - | | - | |
| 2010-2011 | | | | | | | | | | | | | | | | |
| Academic staff | 84 | | - | | 26 | | - | | 12 | | 110 | | - | | - | |
| Non-academic staff | 19 | | - | | 9 | | - | | 1 | | 25 | | - | | - | |
| Total | 103 | | - | | 35 | | - | | 13 | | 135 | | - | | - | |
| 2011-2012 | | | | | | | | | | | | | | | | |
| Academic staff | 89 | | - | | 35 | | - | | 15 | | 124 | | - | | - | |
| Non-academic staff | 20 | | - | | 10 | | - | | 2 | | 31 | | - | | - | |
| Total | 109 | | - | | 45 | | - | | 17 | | 155 | | - | | - | |
| 2012-2013 | | | | | | | | | | | | | | | | |
| Academic staff | 93 | | - | | 34 | | - | | 3 | | 140 | | - | | - | |
| Non-academic staff | 19 | | - | | 11 | | - | | - | | 35 | | - | | - | |
| Total | 112 | | - | | 45 | | - | | 3 | | 175 | | - | | - | |
| 2013-2014 | | | | | | | | | | | | | | | | |
| Academic staff | 95 | | - | | 34 | | - | | - | | 144 | | - | | - | |
| Non-academic staff | 20 | | - | | 13 | | - | | - | | 37 | | - | | - | |
| Total | 115 | | - | | 47 | | - | | - | | 181 | | - | | - | |

| *C. Other self-financing education arms* | *CityU*[8] | | *HKBU*[3] | | *LU* | | *CUHK*[4] | | *HKIEd*[5] | | *PolyU*[9] | | *HKUST*[11] | | *HKU*[7] | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* | *FT* | *PT* |
| Number of staff[1] | | | | | | | | | | | | | | | | |
| 2009-2010 | | | | | | | | | | | | | | | | |
| Academic staff | 41 | 108 | - | - | 44 | 10 | 55 | 382 | - | - | 36 | 114 | - | - | | |
| Non-academic staff | N/A | | - | - | 33 | 6 | 163 | 9 | - | - | 54 | 78 | - | - | N/A | |
| Total | 41 | 108 | - | - | 77 | 16 | 218 | 391 | - | - | 90 | 192 | - | - | | |
| 2010-2011 | | | | | | | | | | | | | | | | |
| Academic staff | 41 | 149 | - | - | 50 | 22 | 57 | 404 | - | - | 40 | 112 | - | - | | |
| Non-academic staff | N/A | | - | - | 45 | 6 | 175 | 12 | - | - | 52 | 80 | - | - | N/A | |
| Total | 41 | 149 | - | - | 95 | 28 | 232 | 416 | - | - | 92 | 192 | - | - | | |
| 2011-2012 | | | | | | | | | | | | | | | | |
| Academic staff | 44 | 107 | - | - | 35 | 10 | 62 | 296 | - | - | 47 | 113 | - | - | | |
| Non-academic staff | N/A | | - | - | 39 | 7 | 187 | 9 | - | - | 50 | 81 | - | - | N/A | |
| Total | 44 | 107 | - | - | 74 | 17 | 249 | 305 | - | - | 97 | 194 | - | - | | |
| 2012-2013 | | | | | | | | | | | | | | | | |
| Academic staff | 39 | 102 | - | - | 85 | 29 | 70 | 265 | - | - | 50 | 103 | - | - | | |
| Non-academic staff | N/A | | - | - | 68 | 17 | 187 | 5 | - | - | 53 | 60 | - | - | N/A | |
| Total | 39 | 102 | - | - | 153 | 46 | 257 | 270 | - | - | 103 | 163 | - | - | | |
| 2013-2014 | | | | | | | | | | | | | | | | |
| Academic staff | 39 | 104 | - | - | 95 | 16 | 66 | 218 | - | - | 50 | 121 | - | - | | |
| Non-academic staff | N/A | | - | - | 80 | 16 | 176 | 5 | - | - | 56 | 84 | - | - | N/A | |
| Total | 39 | 104 | - | - | 175 | 32 | 242 | 223 | - | - | 106 | 205 | - | - | | |
| Staff costs ($ million) | | | | | | | | | | | | | | | | |
| 2009-2010 | | | | | | | | | | | | | | | | |
| Academic staff | 50 | | - | | 17 | | 54 | | - | | 30 | | - | | 295 | |
| Non-academic staff | N/A | | - | | 7 | | 48 | | - | | 18 | | - | | 112 | |
| Total | 50 | | - | | 24 | | 102 | | - | | 48 | | - | | 407 | |
| 2010-2011 | | | | | | | | | | | | | | | | |
| Academic staff | 56 | | - | | 25 | | 60 | | - | | 35 | | - | | 296 | |
| Non-academic staff | N/A | | - | | 8 | | 53 | | - | | 19 | | - | | 114 | |
| Total | 56 | | - | | 33 | | 113 | | - | | 54 | | - | | 410 | |
| 2011-2012 | | | | | | | | | | | | | | | | |
| Academic staff | 53 | | - | | 16 | | 64 | | - | | 41 | | - | | 305 | |
| Non-academic staff | N/A | | - | | 9 | | 56 | | - | | 19 | | - | | 118 | |
| Total | 53 | | - | | 25 | | 120 | | - | | 60 | | - | | 423 | |
| 2012-2013 | | | | | | | | | | | | | | | | |
| Academic staff | 49 | | - | | 43 | | 67 | | - | | 40 | | - | | 355 | |
| Non-academic staff | N/A | | - | | 14 | | 62 | | - | | 20 | | - | | 140 | |
| Total | 49 | | - | | 57 | | 129 | | - | | 60 | | - | | 495 | |
| 2013-2014 | | | | | | | | | | | | | | | | |
| Academic staff | 49 | | - | | 42 | | 62 | | - | | 44 | | - | | 358 | |
| Non-academic staff | N/A | | - | | 18 | | 60 | | - | | 22 | | - | | 156 | |
| Total | 49 | | - | | 60 | | 122 | | - | | 66 | | - | | 514 | |

Abbreviations:

FT Full-time
PT Part-time

| | |
|---|---|
| CityU | City University of Hong Kong |
| HKBU | Hong Kong Baptist Unversity |
| LU | Lingnan University |
| CUHK | The Chinese University of Hong Kong |
| HKIEd | The Hong Kong Institute of Education |
| PolyU | The Hong Kong Polytechnic University |
| HKUST | The Hong Kong University of Science and Technology |
| HKU | University of Hong Kong |

Notes:

- Please refer to the remarks of each individual institution for the elaboration.

(1) Staff number is reported in full-time (FT) equivalent unless otherwise stated.

(2) According to CityU's reply, since non-academic staff are employed to support both UGC-funded and self-financing activities, information about the number of such staff engaged in self-financing programmes is not available. As regards non-academic staff costs, CityU includes staff costs for non-academic staff in academic departments only in the above table, whereas those related to central administration offices are included in the overhead charged by the University Central.

(3) According to HKBU's reply, the University does not include the number of UGC-funded staff engaged in teaching self-financing programmes in the above table as such information is not readily available.

(4) According to CUHK's reply, estimation has been made to derive the whole population as it is unable to ascertain the number of some part-time (PT) instructors and teachers from the system. Other teaching costs comprising teaching service costs, co-teaching charges and in-load teaching costs paid to the University proper are not reported in the above table. The Chinese University of Hong Kong — Tung Wah Group of Hospitals Community College Limited (CUTW) is an associate of CUHK and a separate legal entity truly independent of CUHK, and hence the financial information is not available. CUTW, established jointly by CUHK and Tung Wah Group of Hospitals, has ceased operation since 2013 upon completion of its historical mission. Other self-financing education arms include The Chinese University of Hong Kong — School of Continuing and Professional Studies (CUSCS).

(5) HKIEd does not have a community college. For the sake of completeness, the Institute includes in the above table staff number and staff costs of its School of Continuing and Professional Education (SCPE), which offers programmes at sub-degree level. SCPE has offered sub-degree programmes up to the 2012-2013 academic year, and the staff number and staff costs of sub-degree programmes and award-bearing self-financing courses operated by HKIEd in that particular year are also reported in the above table.

(6) PolyU reports the number of FT staff in full-time equivalent and PT staff on a headcount basis. Information about the number of non-academic staff is not available as relevant costs are charged on a recovery basis. As for some outsourced central administrative services, the related number and costs of non-academic staff are not included in the above table.

(7) According to HKU's reply, information about staff number, both academic and non-academic, is not readily available. HKU SPACE Community College is part of HKU SPACE (School of Professional and Continuing Education), and its staff costs are included in other self-financing education arms.

(8) According to CityU's reply, non-academic staff costs are partly included in the Administration Office of the self-financing education arms and partly included in the overhead charged by the University Central.

(9) PolyU reports the number of FT staff in full-time equivalent and PT staff on a headcount basis. As for some outsourced central administrative services, the related number and costs of non-academic staff are not included in the above table.

(10) According to CityU's reply, non-academic staff number and staff costs as reported in the above table have included relevant staff number and staff costs of the administration office and academic units of its community college, discounting those for the provision of central administration service. Staff costs related to central administration service are included in the overhead charged by the University Central.

(11) According to HKUST's reply, HKUST does not have any community college or other self-financing education arms.

Annex 4

Surplus/(Deficit) from self-financing programmes offered by UGC-funded institutions proper, their community colleges and other self-financing education arms (2009-2010 to 2013-2014 academic year)

| *A. Institutions proper* | *CityU* | *HKBU* | *LU* | *CUHK* | *HKIEd*[(1)] | *PolyU* | *HKUST* | *HKU* |
|---|---|---|---|---|---|---|---|---|
| Surplus/(Deficit) ($ million) | | | | | | | | |
| 2009-2010 | 88 | (9) | 10 | 97 | 3 | 107 | 93 | 116 |
| 2010-2011 | 81 | 72 | 12 | 141 | 4 | 107 | 53 | 154 |
| 2011-2012 | 76 | (16) | 12 | 114 | 16 | 132 | 63 | 163 |
| 2012-2013 | 100 | 61 | 11 | 160 | 33 | 88 | 74 | 193 |
| 2013-2014 | 121 | 40 | 7 | 201 | 44 | 163 | 65 | 192 |
| *B. Community colleges* | *CityU* | *HKBU* | *LU* | *CUHK* | *HKIEd* | *PolyU* | *HKUST* | *HKU* |
| Surplus/(Deficit) ($ million) | | | | | | | | |
| 2009-2010 | 65 | - | 3 | - | (3) | 30 | - | - |
| 2010-2011 | 85 | - | 18 | - | (2) | 52 | - | - |
| 2011-2012 | 58 | - | 26 | - | (3) | 81 | - | - |
| 2012-2013 | 66 | - | 34 | - | (6) | 119 | - | - |
| 2013-2014 | 44 | - | 7 | - | - | 72 | - | - |
| *C. Other self-financing education arms*[(2)] | *CityU* | *HKBU* | *LU* | *CUHK* | *HKIEd* | *PolyU* | *HKUST* | *HKU* |
| Surplus/(Deficit) ($ million) | | | | | | | | |
| 2009-2010 | 63 | - | 3 | 30 | - | 20 | - | 45 |
| 2010-2011 | 59 | - | 11 | 19 | - | 34 | - | 44 |
| 2011-2012 | 17 | - | (16) | 3 | - | 27 | - | 37 |
| 2012-2013 | 15 | - | 40 | 11 | - | 45 | - | 55 |
| 2013-2014 | 20 | - | (11) | (7) | - | 31 | - | 41 |

Abbreviations:

| | |
|---|---|
| CityU | City University of Hong Kong |
| HKBU | Hong Kong Baptist Unversity |
| LU | Lingnan University |
| CUHK | The Chinese University of Hong Kong |
| HKIEd | The Hong Kong Institute of Education |

PolyU The Hong Kong Polytechnic University
HKUST The Hong Kong University of Science and Technology
HKU University of Hong Kong

Notes:

- Means "not applicable".

(1) HKIEd reports surplus from award-bearing self-financing programmes only.

(2) Other self-financing education arms includes Community College of City University, Lingnan Institute of Further Education, The Chinese University of Hong Kong — School of Continuing and Professional Studies, the School of Professional Education and Executive Development and the Hong Kong CyberU Limited of the Hong Kong Polytechnic University, and HKU School of Professional and Continuing Education.

Annex 5

Number of academic and non-academic staff engaged in full-time locally-accredited self-financing post-secondary programmes offered by non-UGC-funded institutions proper, their community colleges and other self-financing education arms
(2010-2011 to 2014-2015 academic years)

| *Institutions* | *2010-2011* | | | *2011-2012* | | | *2012-2013* | | | *2013-2014* | | | | | | *2014-2015 (provisional figures)* | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Academic staff* | | | *Academic staff* | | | *Academic staff* | | | *Academic staff* | | | *Non-academic staff* | | | *Academic staff* | | | *Non-academic staff* | | |
| | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* |
| Caritas Bianchi College of Careers | 47 | 8 | 55 | 43 | 8 | 51 | 52 | 7 | 59 | 47 | 21 | 68 | 61 | 1 | 62 | 45 | 14 | 59 | 58 | 4 | 62 |
| Caritas Institute of Community Education | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 23 | 7 | 30 | 30 | 0 | 30 |
| Caritas Institute of Higher Education | 35 | 19 | 54 | 42 | 16 | 58 | 53 | 23 | 76 | 58 | 33 | 91 | 61 | 1 | 62 | 62 | 34 | 96 | 58 | 1 | 59 |
| Centennial College | - | - | - | 16 | - | 16 | 19 | 7 | 26 | 24 | 18 | 42 | 39 | 1 | 40 | 33 | 18 | 51 | 42 | 1 | 43 |
| Chu Hai College of Higher Education | 60 | 48 | 108 | 64 | 47 | 111 | 78 | 67 | 145 | 79 | 62 | 141 | 34 | 0 | 34 | 89 | 49 | 138 | 36 | 0 | 36 |
| Hang Seng Management College | 104 | 12 | 116 | 105 | 24 | 129 | 131 | 58 | 189 | 147 | 59 | 206 | 230 | 8 | 238 | 142 | 50 | 192 | 239 | 10 | 249 |
| HKCT Institute of Higher Education | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

| *Institutions* | *2010-2011* | | | *2011-2012* | | | *2012-2013* | | | *2013-2014* | | | | | | *2014-2015 (provisional figures)* | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Academic staff* | | | *Academic staff* | | | *Academic staff* | | | *Academic staff* | | | *Non-academic staff* | | | *Academic staff* | | | *Non-academic staff* | | |
| | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* |
| Hong Kong Adventist College | - | - | - | - | - | - | 6 | 4 | 10 | 12 | 3 | 15 | 13 | 0 | 13 | - | - | - | - | - | - |
| Hong Kong Art School (Division of Hong Kong Arts Centre) | 15 | 88 | 103 | 15 | 84 | 99 | 14 | 59 | 73 | 15 | 62 | 77 | 31 | 7 | 38 | 15 | 59 | 74 | 33 | 10 | 43 |
| Hong Kong College of Technology | 54 | 106 | 160 | 63 | 38 | 101 | 65 | 51 | 116 | 64 | 42 | 106 | 32 | 0 | 32 | 50 | 47 | 97 | 31 | 0 | 31 |
| Hong Kong Institute of Technology | 19 | 24 | 43 | 17 | 24 | 41 | 32 | 46 | 78 | 32 | 46 | 78 | 33 | 0 | 33 | 39 | 23 | 62 | 29 | 3 | 32 |
| Hong Kong Nang Yan College of Higher Education | - | - | - | - | - | - | 8 | 6 | 14 | 13 | 52 | 65 | 17 | 2 | 19 | 14 | 58 | 72 | 16 | 2 | 18 |
| Hong Kong Shue Yan University | 138 | 159 | 297 | 144 | 124 | 268 | 147 | 102 | 249 | 149 | 109 | 258 | 74 | 3 | 77 | 153 | 126 | 279 | 80 | 2 | 82 |
| Kaplan Business & Accountancy School | - | - | - | - | - | - | 2 | 4 | 6 | 1 | 5 | 6 | 2 | 0 | 2 | - | - | - | - | - | - |
| Pui Ching Academy | - | - | - | - | - | - | - | - | - | 7 | 6 | 13 | 11 | 0 | 11 | 7 | 6 | 13 | 11 | 0 | 11 |
| Sacred Heart Canossian College of Commerce | - | - | - | 15 | 4 | 19 | 9 | 2 | 11 | 1 | 3 | 4 | 1 | 0 | 1 | - | - | - | - | - | - |
| SCAD Foundation (Hong Kong) Limited | - | - | - | 17 | 5 | 22 | 17 | 7 | 24 | 25 | 21 | 46 | 36 | 15 | 51 | 29 | 14 | 43 | 38 | 14 | 52 |
| The Open University of Hong Kong | - | - | - | 241 | 156 | 397 | 266 | 167 | 433 | 307 | 177 | 484 | 583 | 138 | 721 | 317 | 196 | 513 | 638 | 101 | 739 |
| Tung Wah College | - | - | - | 27 | 20 | 47 | 54 | 32 | 86 | 69 | 26 | 95 | 105 | 68 | 173 | 73 | 35 | 108 | 100 | 40 | 140 |
| Vocational Training Council | @ | @ | 2795 | @ | @ | 2620 | @ | @ | 2675 | @ | @ | 2738 | @ | @ | 2937 | @ | @ | 2805 | @ | @ | 2960 |

| *Institutions* | *2010-2011* | | | *2011-2012* | | | *2012-2013* | | | *2013-2014* | | | | | | *2014-2015 (provisional figures)* | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Academic staff* | | | *Academic staff* | | | *Academic staff* | | | *Academic staff* | | | *Non-academic staff* | | | *Academic staff* | | | *Non-academic staff* | | |
| | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* | *FT* | *PT* | *Total* |
| Yew Chung Community College | 3 | 8 | 11 | 3 | 3 | 6 | 9 | 6 | 15 | 13 | 12 | 25 | 17 | 4 | 21 | 12 | 4 | 16 | 14 | 1 | 15 |
| YMCA College of Careers | - | - | - | - | - | - | 15 | 2 | 17 | 15 | 3 | 18 | 6 | 0 | 6 | 16 | 3 | 19 | 6 | 2 | 8 |

Abbreviations:

FT Full-time
PT Part-time

Notes:

Non-academic staff is defined as administrative and technical personnel, and figures are available from the 2013-2014 academic year onwards.

- Means "not applicable" or figures not available.

@ According to the Vocational Training Council (VTC)'s reply, VTC would allocate, under suitable circumstances, its staff to various Operational Units in response to operational and developmental needs to take charge of subvented or self-financing courses and activities, thus it is difficult to identify or provide the figures for individual items. Meanwhile, in view of market changes, each Operational Units of VTC has the autonomy to hire part-time staff to suit its own needs. The turnover of part-time staff is high and they have diverse working hour. Therefore, no total number of part-time staff could be provided and only the total number of staff in VTC can be given.

## Traffic Impact of a Proposed Residential Development Project at Cha Kwo Ling

2. **MR CHAN KAM-LAM** (in Chinese): *President, in order to take forward the private residential development project at the former Cha Kwo Ling Kaolin Mine site, the Government is carrying out the planning procedure for amending the relevant Outline Zoning Plan. Under the Government's plan, the site will be used for constructing 15 private residential blocks of 16 to 22 storeys each, providing a total of 2 200 small and medium sized units for 6 000 residents. On the other hand, some residents of Laguna City, a private housing estate near the site, have relayed to me that the population of the housing estate is now about 24 000, and the current vehicular throughput of Cha Kwo Ling Road and Sin Fat Road, the main access roads used by the residents, is already very high, and serious traffic congestion occurs during peak hours. These residents are worried that the population in the area is bound to increase drastically after the completion of the development project, hence aggravating the traffic congestion there. In this connection, will the Government inform this Council:*

*(1) of the latest details concerning the aforesaid development project, including measures to enhance the road networks in the surrounding areas and the number of parking spaces in the development area;*

*(2) of the respective volumes of traffic throughput to be generated during the construction stage of the development project and after the intake of residents according to the assessment conducted by the consultant; if such information is not available, of the reasons for that; and*

*(3) as the authorities indicated to the Kwun Tong District Council early last month that according to the traffic impact assessment conducted by the consultant, the levels of traffic throughput generated by the development project would be acceptable following the construction of a link road to Sin Fat Road and the implementation of traffic relief measures at the road junctions in nearby areas, of the relevant justifications and detailed statistics?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, the development of ex-Cha Kwo Ling Kaolin Mine site is estimated to provide about 2 200 housing units with about 6 000 planned population and is one of the Government's multi-pronged measures to increase housing land supply. According to the Planning Review on Development of Ex-Cha Kwo Ling Kaolin Mine Site and technical assessments under the subsequent feasibility study, the proposed development will not cause unacceptable adverse impacts on the traffic, environmental and infrastructural aspects. We have consulted the Kwun Tong District Council on the proposed development of the ex-Cha Kwo Ling Kaolin Mine site as well as the proposed amendments to the approved Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/21.

Regarding each part of the question, our reply in consultation with the relevant Policy Bureaux and departments is as follows:

(1) The Administration mainly recommends using the existing quarry platform of the ex-Kaolin Mine site for medium-density residential development. Apart from that, a site near Sin Fat Road zoned "Government, Institution or Community" will be reserved for primary school. The remaining parts of the site will be mainly

rezoned as "Open Space" and "Green Belt" in order to preserve the existing natural landscape. The proposed development will also provide an access road to connect Sin Fat Road with the proposed residential development.

Regarding measures to alleviate the traffic impact, the Administration has proposed a number of junction improvement measures to be implemented at the existing road junctions in the vicinity of the proposed development (that is, road junctions of Cha Kwo Ling Road/Sin Fat Road, Cha Kwo Ling Road/Wai Fat Road/Shing Yip Street, Cha Kwo Ling Road/Wai Yip Street and Wai Yip Street/Wai Fat Road). After consulting the Kwun Tong District Council and local residents, the Administration has further improved the relevant measures based on the comments received. For instance, the loading/unloading bay near the northbound slow lane of Sin Fat Road at the junction of Cha Kwo Ling Road/Sin Fat Road is proposed to be moved away from the said junction in order to maintain smooth traffic. The northbound slow lane of Sin Fat Road in the junction area is also proposed to be designated as a 24-hour no stopping zone. Regarding the junction of Cha Kwo Ling Road/Wai Fat Street/Shing Yip Street, it is proposed to enhance the alignment of the approach road from Wai Fat Road westbound turning left to Cha Kwo Ling Road.

As to parking spaces, according to the Hong Kong Planning Standards and Guidelines, about 150 parking spaces are estimated to be provided in the proposed development site, whereas the actual number will be adjusted in accordance with the numbers and sizes of the flats of the future development.

(2) According to the traffic impact assessment conducted by the consultants commissioned by the Civil Engineering and Development Department (Traffic Impact Assessment), it is expected that there will be around 60 vehicle trips per day at most entering/leaving the proposed development site during the construction of infrastructure works. After the intake of the residents, the total traffic throughput entering/leaving the proposed development is expected to be around 300 vehicle trips per hour during peak hours.

(3) According to the Traffic Impact Assessment, with the implementation of the proposed improvement measures at the existing road junctions in the vicinity of the proposed development (that is, road junctions of Cha Kwo Ling Road/Sin Fat Road, Cha Kwo Ling Road/Wai Fat Road/Shing Yip Street, Cha Kwo Ling Road/Wai Yip Street and Wai Yip Street/Wai Fat Road), the reserve capacity of the relevant road junctions during peak hours in 2026 (that is, five years after the completion of the proposed development) will be around 10% to 23%, showing that the existing roads in the vicinity should be sufficient to meet the traffic demand arising from the proposed development and the population growth in the area. In addition, the concerned departments will implement temporary traffic measures as appropriate to minimize the traffic impact caused by the construction of infrastructure works.

**Increase in Number of Private Vehicles**

3. **MR ANDREW LEUNG** (in Chinese): *President, the Report on Study of Road Traffic Congestion in Hong Kong issued by the Transport Advisory Committee in December last year points out that private cars have been a major contributor to the overall vehicle growth in Hong Kong. From 2003 to 2013, the total number of private cars increased by 40%. As of September last year, the total number of registered private cars was 535 537, representing an annual growth rate of 4.6%. In this connection, will the Government inform this Council:*

*(1) whether it increased the number of parking spaces in public car parks in the past decade in response to the continuous increase in the number of private cars; if it did, of the relevant figures; if not, the reasons for that;*

*(2) whether it has regularly reviewed the standards for the provision of parking spaces set out in the Hong Kong Planning Standards and Guidelines and, in accordance with the latest standards, specified in the newly granted land leases for residential development projects the numbers of public parking spaces to be provided by developers; if it has, of the details; if not, the reasons for that;*

*(3) whether it has considered following the practice of Singapore by introducing a system for bidding the quota of private car registrations, so as to restrict the growth of private cars; if it has, of the details; if not, the reasons for that; and*

*(4) given that the authorities have already provided park-and-ride facilities at a number of public transport interchanges to facilitate drivers to change to public transport after parking, whether the authorities have reviewed the effectiveness of these facilities in reducing the number of private cars entering the urban areas; and whether the authorities have plans to construct additional park-and-ride facilities and provide more concessions (e.g. concessionary bus fares) with a view to encouraging more people to park at such facilities and then change to public transport; if they do not, of the reasons for that?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Chinese): President, my reply to the various parts of the question raised by Mr Andrew LEUNG is as follows:

(1) The Government's existing policy on parking provision is to provide an appropriate number of parking spaces to meet demand, but at a level which will not unduly attract potential passengers to opt for private cars in lieu of public transport, thereby increasing the number of private cars and aggravating road traffic congestion.

In the past 10 years, the total number of parking spaces for private cars in Hong Kong increased from about 589 900 in September 2004 to about 646 400 in December 2014. Public parking spaces account for about 30% of the total number of parking spaces for private cars during the period.

(2) The Government has been closely monitoring the demand and supply of parking spaces for various types of vehicles in Hong Kong, and reviews the parking standards in the Hong Kong Planning Standards and Guidelines (HKPSG) as appropriate. For example, to allow for the more efficient use of newly developed private residential sites and reduce the overall vacancy rate of private car parking spaces, the Government amended the guidelines concerning

the provision of private car parking spaces for private housing in the HKPSG in February 2014.

In planning for development projects, relevant departments will, after making reference to the guidelines set out in the HKPSG and taking into account the traffic conditions in the vicinity of the relevant development projects, formulate suitable requirements for parking spaces and incorporate these requirements into the land lease, including requiring developers to provide an appropriate number of additional public parking spaces in suitable development projects.

(3) Singapore currently adopts a vehicle quota system that requires members of the public to obtain, before purchasing a car, a certificate of entitlement through an open bidding system. Any vehicle quota system is contentious. The Government must carefully assess the pros and cons of the policy and its impact on the public. If the Government is to consider implementing a vehicle quota system in future, it will fully consult various stakeholders and the community.

(4) Park-and-ride (PnR) car parks allow drivers to park their cars at transport interchanges and switch to public transport, with a view to reducing the amount of road traffic entering congested areas. According to the HKPSG, the Government encourages the provision of PnR car parks at suitable locations. In launching individual railway projects, as well as urban renewal or new development projects, the Government will consider introducing more PnR facilities at suitable locations.

Currently, there are 11 car parks providing PnR service in various districts of Hong Kong Island, Kowloon and New Territories (including urban and rural areas), providing a total of 3 871 parking spaces. These car parks are located at or near MTR stations, including Sheung Shui Station, Hong Kong Station, Kowloon Station, Tsing Yi Station, Choi Hung Station, Kam Sheung Road Station, Hung Hom Station, Olympic Station, Hang Hau Station, Wu Kai Sha Station and Tuen Mun Station, to facilitate drivers to switch to MTR. PnR users (that is, those who park their cars and switch to MTR to travel to their destinations) can enjoy a parking fee discount

of about 30%. Other drivers (that is, those who park their cars but do not switch to MTR) can also use these car parks, but will have to pay the full rate.

Currently, seven aforementioned car parks managed by the Transport Department and the MTR Corporation Limited (that is, those that are located at or near Sheung Shui Station, Hong Kong Station, Kowloon Station, Tsing Yi Station, Choi Hung Station, Kam Sheung Road Station and Hung Hom Station) provide a total of 2 886 parking spaces and were patronized by over 3 200 users per day on average in the fourth quarter of 2014, with PnR users accounted for more than 40% of the total number of users. For the remaining four car parks, the Government does not have the relevant figures as they are managed by private companies.

As regards bus fare concessions, all franchised bus routes are offering various fare concessions, including section fares, bus-bus interchange concessions, half-fare concessions for children and fare concessions for the elderly. Owing to physical constraints, it would be difficult to provide parking for "Park and Ride" purpose at bus termini and accordingly offer special bus-bus interchange concessions.

**Accident and Emergency Services for Residents in Wong Tai Sin District**

4. **MR WONG KWOK-KIN** (in Chinese): *President, at present, the population of the Wong Tai Sin (WTS) district is about 420 000, the second highest among the five District Council (DC) districts in Kowloon. Among that population, 16.7% are people aged 65 or above, and this percentage is the highest among the 18 DC districts. Some WTS residents have relayed to me that residents in the district who need to use accident and emergency (A&E) services of public hospitals have to seek medical treatment in other districts. Such a situation causes inconvenience to the elderly and may cause delays in the treatment for patients. In this connection, will the Government inform this Council if it knows:*

*(1) the attendance of WTS residents using the A&E services of public hospitals in other districts in each of the past five years, with a breakdown by hospital cluster and hospital;*

*(2) the average waiting time for the A&E services of the three hospital clusters of Kowloon in the past five years, with a breakdown by hospital cluster and hospital;*

*(3) the average, shortest and longest time taken from WTS residents' calling for emergency ambulance service to their arrival at the hospital in the past five years, and how such figures compare with the relevant figures territory-wide;*

*(4) given that the Kai Tak Hospital under planning will provide A&E services to WTS residents, but the authorities have anticipated that the first phase of the construction works of the hospital will not be completed until 2021, whether the Hospital Authority (HA) will improve the A&E services for WTS residents before 2021, including whether HA will consider afresh providing A&E services in Our Lady of Maryknoll Hospital; if HA will, of the details; if not, the reasons for that; and*

*(5) whether HA has planned to rationalize the areas covered by various hospital clusters upon the commissioning of the Kai Tak Hospital; if HA has, of the details, and how such plan will affect the A&E services for WTS residents; if not, the reasons for that?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, we understand the concern of Wong Tai Sin residents on the provision of accident and emergency (A&E) service for the district jointly by the acute hospitals of several hospital clusters. The planning of the Hospital Authority (HA) for healthcare services and facilities is based on the service supply and demand in a cluster as a whole, taking into account the roles and long-term development directions of the hospitals in the cluster, and the co-ordination of their services and facilities. This is to ensure that the hospitals within the cluster will complement each other by performing their respective roles and provide the most appropriate healthcare services for the communities they serve. At present, the A&E service of Wong Tai Sin is jointly provided by Kwong Wah Hospital in the Kowloon West Cluster, Queen Elizabeth Hospital in the Kowloon Central Cluster and United Christian Hospital in the Kowloon East Cluster. With the support of these three acute hospitals, the demand for A&E service in the district has been appropriately met in general.

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

(1) Generally speaking, the HA encourages patients to seek medical treatment from hospitals in the cluster to which their residence district belong so as to facilitate follow-up treatment for chronic illnesses/conditions and the provision of community support. Nevertheless, under emergency circumstances, a patient may be taken to an acute hospital near the scene of the incident instead of one near his/her place of residence.

The statistics of A&E attendance of Wong Tai Sin residents in various clusters under the HA in the past five years are listed below:

| *Hospital Cluster* | *A&E Attendance of Wong Tai Sin Residents* | | | | |
|---|---|---|---|---|---|
| | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* |
| Hong Kong East | 2 500 | 2 700 | 2 600 | 2 600 | 2 500 |
| Hong Kong West | 1 000 | 1 000 | 1 200 | 1 200 | 1 400 |
| Kowloon Central | 61 900 | 62 700 | 62 100 | 61 700 | 58 400 |
| Kowloon East | 19 700 | 19 100 | 17 400 | 17 300 | 17 800 |
| Kowloon West | 35 400 | 35 300 | 33 800 | 33 800 | 33 300 |
| New Territories East | 4 500 | 4 400 | 4 600 | 4 500 | 4 300 |
| New Territories West | 1 100 | 1 100 | 1 300 | 1 300 | 1 400 |
| Overall[Note] | 126 200 | 126 400 | 123 100 | 122 400 | 119 100 |

Note:

Individual figures may not add up to the total due to rounding.

(2) The HA adopts a triage system which classifies patients attending the A&E departments according to their clinical conditions so as to ensure that patients with more serious conditions are accorded higher priority in medical treatment.

The average waiting time for A&E patients of different triaged categories in the three Kowloon clusters (that is, Kowloon Central, Kowloon East and Kowloon West clusters) for the past five years is listed in the following tables:

2009-2010

| *Hospital cluster* | *Average waiting time for A&E service (minutes)* | | | | |
|---|---|---|---|---|---|
| | *Category I (critical)* | *Category II (emergency)* | *Category III (urgent)* | *Category IV (semi-urgent)* | *Category V (non-urgent)* |
| Kowloon Central | 0 | 6 | 18 | 77 | 104 |
| Kowloon East | 0 | 7 | 15 | 76 | 114 |
| Kowloon West | 0 | 6 | 18 | 92 | 101 |

2010-2011

| *Hospital cluster* | *Average waiting time for A&E service (minutes)* | | | | |
|---|---|---|---|---|---|
| | *Category I (critical)* | *Category II (emergency)* | *Category III (urgent)* | *Category IV (semi-urgent)* | *Category V (non-urgent)* |
| Kowloon Central | 0 | 6 | 18 | 70 | 106 |
| Kowloon East | 0 | 6 | 16 | 82 | 145 |
| Kowloon West | 0 | 6 | 17 | 91 | 110 |

2011-2012

| *Hospital cluster* | *Average waiting time for A&E service (minutes)* | | | | |
|---|---|---|---|---|---|
| | *Category I (critical)* | *Category II (emergency)* | *Category III (urgent)* | *Category IV (semi-urgent)* | *Category V (non-urgent)* |
| Kowloon Central | 0 | 6 | 20 | 96 | 130 |
| Kowloon East | 0 | 5 | 15 | 90 | 158 |
| Kowloon West | 0 | 6 | 16 | 82 | 100 |

2012-2013

| *Hospital cluster* | *Average waiting time for A&E service (minutes)* | | | | |
|---|---|---|---|---|---|
| | *Category I (critical)* | *Category II (emergency)* | *Category III (urgent)* | *Category IV (semi-urgent)* | *Category V (non-urgent)* |
| Kowloon Central | 0 | 7 | 27 | 144 | 177 |

| *Hospital cluster* | *Average waiting time for A&E service (minutes)* | | | | |
|---|---|---|---|---|---|
| | *Category I (critical)* | *Category II (emergency)* | *Category III (urgent)* | *Category IV (semi-urgent)* | *Category V (non-urgent)* |
| Kowloon East | 0 | 7 | 18 | 90 | 148 |
| Kowloon West | 0 | 7 | 19 | 93 | 106 |

2013-2014

| *Hospital cluster* | *Average waiting time for A&E service (minutes)* | | | | |
|---|---|---|---|---|---|
| | *Category I (critical)* | *Category II (emergency)* | *Category III (urgent)* | *Category IV (semi-urgent)* | *Category V (non-urgent)* |
| Kowloon Central | 0 | 9 | 40 | 174 | 207 |
| Kowloon East | 0 | 8 | 21 | 95 | 146 |
| Kowloon West | 0 | 7 | 24 | 106 | 109 |

(3) On emergency ambulance services, the performance pledge of the Fire Services Department (FSD) is to respond to emergency ambulance calls within 12 minutes from the time of call to the arrival on scene, and it is the FSD's target to meet this response time in 92.5% of emergency calls. The average time from calling for emergency ambulance services to arriving at the hospital for Hong Kong as a whole and that for Wong Tai Sin District over the past three years is listed in the following table(1):

| *Average time interval between call and arrival at hospital* | *2012* | *2013* | *2014* |
|---|---|---|---|
| Hong Kong overall | 42.1 minutes | 40.8 minutes | 39.3 minutes |
| Wong Tai Sin District | 53.2 minutes | 51.4 minutes | 49.6 minutes |

The time required from calling for emergency ambulance services to arriving at the hospital is affected by various factors, such as the circumstances at the scene of the incident, the weather and traffic at

(1) Since the FSD started keeping data about the time interval between emergency call and arrival at hospital by District Council district in 2012, only figures for the past three years are available.

the time of the incident, the distance between the scene of the incident and the ambulance depot as well as the hospital, and the level of injuries/illness of the casualties/patients.

(4) A number of related facilities are required in setting up an A&E department in order to ensure its efficient operation. These include diagnostic radiographic systems such as those for computerized tomography and magnetic resonance imaging, operating theatres, an intensive care unit, clinical laboratory service, a theatre sterile supplies department and a central sterile supplies unit. The existing facilities in Our Lady of Maryknoll Hospital (OLMH) are not up to the standard of those for an acute hospital. Constrained by the area and topographical environment, OLMH does not have enough space to install new facilities or upgrade existing facilities to achieve the standard compatible to a modern acute hospital. Therefore, after thorough consideration, the HA considers that it is inappropriate for OLMH to provide A&E service.

Nevertheless, we recognize that OLMH, having been built years ago, has limitations in its facilities and supporting services and hence has a need for redevelopment. The HA is actively reviewing the overall demand for and supply of services in the three Kowloon clusters and formulating service plans afresh to meet the healthcare needs of Kowloon in the long run. As part of the review, the evaluation and assessment of the long-term development directions of OLMH have established that OLMH should take the role of a non-acute hospital focusing on the provision of ambulatory healthcare services. The HA will plan the redevelopment of OLMH along this line. The HA is making reference to the views of stakeholders in updating the detailed content of the OLMH redevelopment plan so as to better address the needs of Wong Tai Sin residents.

(5) We understand that some members of the community have expressed their views on the way Wong Tai Sin is covered in cluster demarcation. Before the commissioning of the Kai Tak Hospital, the Government has already set up the Steering Committee on Review of Hospital Authority chaired by the Secretary for Food and Health to conduct a comprehensive review of the operation of the

HA. The cluster arrangement and cluster demarcation of the HA are covered in the review. We aim to improve the operation of the HA through the review so that, as the cornerstone of the public healthcare system and the safety net for the public, the HA can continue to provide quality services and meet the challenges brought about by social development and ageing population more effectively. In the process of review, the steering committee noted the public aspirations for reviewing the cluster demarcation of Kowloon and will give due consideration to stakeholders' views (including those of Wong Tai Sin District Council and Wong Tai Sin residents). The review is expected to be completed in the first half of 2015.

**Teaching Chinese History in Secondary Schools**

5. **MS STARRY LEE** (in Chinese): *President, according to the information published by the Hong Kong Examinations and Assessment Authority, 30 649 day school candidates sat for the examination on the subject of Chinese History in the Hong Kong Certificate of Education Examination (HKCEE) in 1999, representing about one-third of the total number of the candidates, and 6 464 day school candidates sat for the examination on the subject of Chinese History in the Hong Kong Diploma of Secondary Education Examination (HKDSEE) last year, representing about one-tenth of the total number of the candidates. There are comments that the subject of Chinese History is at risk of "dying out" owing to the decreasing number of candidates year after year. As the Government explained in its reply to a question raised by a Member of this Council on 12 November last year, Chinese history is taught at junior secondary level in all secondary schools in Hong Kong, albeit the adoption of different curriculum modes. The curriculum guide promulgated by the Curriculum Development Council (CDC) in 2001 has stated that Chinese history and culture is the essential learning content at junior secondary level. In this school year, 392 (i.e. 88.29%) secondary schools offer Chinese History as an independent subject at junior secondary level, with 350 (i.e. 78.83%) of these schools offering Chinese History as an independent subject throughout the junior secondary level, and 42 of them offering Chinese History as an independent subject in any one or two years of the junior secondary level. In this connection, will the Government inform this Council:*

*(1) of the numbers of students taking the subject of Chinese History at senior secondary level in the 2013-2014 and 2014-2015 school years; the number of candidates sitting for the examination on the subject of Chinese History in the HKDSEE in 2015 and its percentage in the total number of day school candidates, as well as how such number and percentage compare with the relevant figures of the candidates sitting for the examination on the subject of Chinese History in HKCEE held for the last time;*

*(2) since CDC is reviewing the junior secondary curriculums of the subjects of Chinese History and History, and the Chief Executive has said in this year's Policy Address that the authorities will renew the curriculum content of Chinese History and World History, enrich the learning experience of students, and enhance the training of teachers, with the objectives of reinforcing students' interest in and understanding of Chinese history and culture and broadening their global outlook, whether the authorities will make the subject of Chinese History compulsory for all junior secondary students through the present curriculum review exercise; if they will make, of the details; if not, how the authorities will encourage young people to acquire a more comprehensive and correct understanding of the country's history; and*

*(3) whether the authorities will consider adjusting the curriculum design and examination format of the subject of Chinese History at the senior secondary level (e.g. switching to use a more diversified question-and-answer format to assess candidates' level of knowledge about Chinese history), so as to reduce the need for candidates to learn the details of the country's history by rote; if they will consider, of the details; if not, the reasons for that?*

**SECRETARY FOR EDUCATION** (in Chinese): President, our reply to the three parts of Ms Starry LEE's question is as follows:

(1) In the 2013-2014 school year, the number of Secondary Four, Secondary Five and Secondary Six students taking senior secondary Chinese History was 8 755, 7 619 and 6 622 respectively. As for the 2014-2015 school year, there are no relevant figures at this moment.

Besides, 6 318 candidates have applied to sit for the examination on the subject of Chinese History in the 2015 Hong Kong Diploma of Secondary Education Examination (HKDSEE), representing 10.1% of the total number of the day school candidates. Four thousand seven hundred and fifty-three candidates sat for the examination on the subject of Chinese History in the last Hong Kong Advanced Level Examination (HKALE) (that is, 2012), representing 15.2% of the total number of the candidates. Twenty-six thousand seven hundred and ninety candidates sat for the examination on the subject of Chinese History in the last Hong Kong Certificate of Education Examination (HKCEE) (that is, 2010), representing 32.3% of total number of the day school candidates.

There is a significant difference between the new and old academic structures in terms of taking electives by students. When comparing the figures drawn from the two structures, it should be noted that the "HKDSEE" under the new academic structure also serves as a university entrance examination. Currently, candidates take only two to three electives in the HKDSEE while students took four to five electives in the HKCEE. Therefore it is inappropriate to make straightforward, simplistic comparisons between the two sets of figures concerning the number of students taking Chinese History as their electives in the two different public examinations. On the other hand, as a university entrance examination, the HKDSEE has more Chinese History candidates than its predecessor.

(2) In the curriculum guide Learning to learn: The Way Forward in Curriculum Development promulgated by the Curriculum Development Council (CDC) in 2001, it is stipulated that all junior secondary students will study Chinese history and culture. Not only is the study of Chinese history made compulsory therein, it is also stipulated that its minimum lesson hours should not be less than one quarter of the total curriculum time spent on the Personal, Social and Humanities Education (PSHE) Key Learning Area, that is, about two periods per week for each academic year, as well as required contents.

At present, 88% of secondary schools offer junior secondary Chinese History as an independent subject. Four percent of schools adopt Chinese history as the main axis with world history topics

incorporated into the curriculum contents, while the remaining 8% of schools adopt an integrated curriculum mode which organizes the contents of Chinese history according to various themes. With reference to different school contexts and their whole-school curriculum planning, as well as their students' learning needs and teachers' expertise, these schools make an effort to adopt different curriculum modes to organize Chinese history elements and contents so that the perspectives of studying Chinese history can be widened, whereas the connection among topics can be strengthened. The Education Bureau sees merits in these curriculum modes outlined above and agrees to let schools select the mode that can best address their students' needs, interest and ability as well as their teachers' expertise and school contexts. At present all junior secondary students are studying Chinese history and a majority of schools are adopting an independent subject mode (that is, dynastic chronological approach). Chinese history is also taught in the remaining schools, though different curriculum modes are being adopted.

To enhance students' interest in studying Chinese history, the Ad Hoc Committee on Revising the two S1-3 Chinese History & History Curricula of the CDC and its subordinate working groups are now reviewing and renewing the Chinese History curriculum. Their current work of curriculum review and renewal primarily focuses on the junior secondary Chinese History curriculum, with an aim to catering for the needs of the majority of schools which are offering Chinese History as an independent subject. When this task is accomplished, the Committee will, on a need basis, also address the needs of the minority of schools that are using other curriculum modes to teach Chinese history (for example, some schools, according to their school contexts, supplement relevant world history topics into a curriculum which adopts Chinese history as the main axis) by providing them with a more formalized curriculum to follow.

(3) The Education Bureau attaches importance to Chinese history education, and since 2001 Chinese History has been stipulated as compulsory at the junior secondary level. For the senior secondary level, Chinese History has constantly been an elective subject and

this status has not been changed after the implementation of the new senior secondary academic structure. As for the HKDSEE, the Education Bureau and the Hong Kong Examinations and Assessment Authority (HKEAA) are working closely at all times in reviewing the scopes of the various curricula and modes of assessment.

Adopting diversified assessment strategies in assessing students' learning performance is always encouraged by the Education Bureau. Chinese History is not an exception. In recent years the public examination of Chinese History has undergone reforms, which include the cancellation of multiple choice questions to reduce assessment on memorization of historical details, setting data-based questions with various sources to assess students' history study skills such as analysis, evaluation, synthesis and deduction. Learning by rote is to be avoided. With the implementation of the short-term review of the new academic structure, the number of elective modules that students are required to take has been reduced to one, thereby trimming 15% of the curriculum. The ongoing medium-term review also recommends not to continue with School Based Assessment (SBA) in this subject. It is believed that the pressure on both teachers and students will then be relieved. As in the past, the Education Bureau will listen to stakeholders' views on the assessment of Chinese History and make improvement on a need basis.

**Damages to Ecological Environment of Country Parks by Picnickers**

6. **MR YIU SI-WING** (in Chinese): *President, it has been reported by some media that some picnickers plucked red leaves at Tai Tong Shan Road in Tai Lam Country Park and its vicinity early last month, while some others left behind a lot of garbage after watching sunrise at Lantau Peak in the early morning of the New Year's Day this year. Some people even cooked food in naked flame as well as urinated and defecated casually at the Peak, which raised many eyebrows. It has also been reported that such damaging acts to the ecological environment of country parks have occurred from time to time. In this connection, will the Government inform this Council:*

*(1) of the number of complaints received by the authorities in each of the past three years about picnickers damaging the ecological environment of country parks (including littering, illegal use of fire and damaging plants), and whether such numbers are on a rising trend;*

*(2) of the number of prosecutions instituted by the authorities in the past three years against persons who damaged the ecological environment of country parks, with a breakdown of (i) such number and (ii) prosecution outcome by type of offence; and*

*(3) of the specific improvement measures in place to prevent picnickers from damaging the ecological environment of country parks?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President,

(1) In the past three years, the numbers of complaint that the Agriculture, Fisheries and Conservation Department (AFCD) received in relation to the damage of country park environment are as follows: 95 cases (2011-2012), 103 cases (2012-2013) and 110 cases (2013-2014). These complaints were mainly related to littering and damage of vegetation. There were slight increases in the number of complaints received in the past three years.

(2) In the past three years, the numbers of prosecution and results for offences involving damage of country park environment are as follows:

| | *2011-2012* | | *2012-2013* | | *2013-2014* | |
|---|---|---|---|---|---|---|
| *Nature of offence* | *Number of prosecution* | *Total fine ($)* | *Number of prosecution* | *Total fine ($)* | *Number of prosecution* | *Total fine ($)* |
| Illegal lighting or use of a fire* | 18 | 10,980 | 12 | 4,600 | 18 | 16,100 |
| Picking or damage of vegetation* | 20 | 24,200 | 28 | 25,250 | 23 | 23,200 |

| | *2011-2012* | | *2012-2013* | | *2013-2014* | |
|---|---|---|---|---|---|---|
| *Nature of offence* | *Number of prosecution* | *Total fine ($)* | *Number of prosecution* | *Total fine ($)* | *Number of prosecution* | *Total fine ($)* |
| Hunting or disturbing wild animals, and possession of trapping appliances | 5 | 3,200 | 3 | 3,800 | 12 | 11,400 |
| Camping outside designated camping site | 32 | 10,850 | 37 | 11,000 | 91 | 35,500 |
| Digging of soil | 5 | 2,300 | 9 | 4,600 | 4 | 3,000 |
| Damage of country park facilities | 0 | 0 | 1 | 450 | 0 | 0 |
| Littering and spitting | 315 | 486,000 | 207 | 314,950 | 186 | 288,700 |

Note:

* including cases in country park and the countryside areas nearby

(3) The AFCD has been conducting regular patrols in country parks. Appropriate enforcement action will be taken in accordance with the Forests and Countryside Ordinance (Cap. 96), Wild Animals Protection Ordinance (Cap. 170) and Country Parks and Special Areas Regulations (Cap. 208A) if any act of damaging the country park environment is detected. The AFCD officers will also issue fixed penalty notice to offenders who littered and spitted in country parks.

Taking into account the circumstances of certain locations and periods that countryside visitors aggregate, such as Mid-Autumn Festival, country park areas adjoining burial grounds during Ching Ming Festival and Chung Yeung Festival, and the season for

appreciation of red leaves in Tai Tong, the AFCD will step up publicity to promulgate to visitors the protection of countryside in order to safeguard the country park environment and facilities. The AFCD will also arrange for special operations in the light of the actual situation to take enforcement actions against offenders.

To promote public awareness on the protection of the environment and country parks, the AFCD has been organizing educational and publicity activities among students and members of the public on these messages. For example, from December 2014 to January 2015, the AFCD organized guided tours, workshops and waste reduction game booths in Tai Tong, Tai Lam Country Park to gather public support for protecting the environment. Also, country park volunteers were deployed at Sweet Gum Woods to remind visitors to care for the trees.

To promote waste reduction, along with different activities to step up publicity, additional signplates had been erected along the hiking trails to remind hikers to support waste reduction and to take litter away. The AFCD implemented "Country Park Waste Reduction Campaign", which comprised a series of publicity and education activities, during the peak hiking season from October 2014 to March 2015. Under the Campaign, Country Parks Nature Ambassadors disseminated waste reduction tips and messages for protecting countryside to park visitors at hiking trails, picnic sites and barbecue sites. Country park volunteer patrol team also conducts patrol at various hiking trails and collects garbage, with a view to calling for concerted efforts to reduce waste.

The AFCD will continue to protect the countryside environment through enforcement of relevant legislation, management of country parks and organizing various educational and publicity activities.

**Measures to Improve Individual Visit Scheme and Diversify Sources of Visitors to Hong Kong**

7. **MS CLAUDIA MO** (in Chinese): *President, after a meeting with the mainland authorities in Beijing held in June last year, the Secretary for Commerce and Economic Development said that he had discussed with the*

*mainland authorities the Individual Visit Scheme (IVS), including the policy on one-year multiple-entry Individual Visit Endorsements (commonly known as "multiple-entry endorsements"), and would announce the improvement measures upon reaching a consensus. The Secretary also said that he would relay to the mainland authorities the views on IVS policies expressed by various sectors in Hong Kong, including the suggestion of changing the multiple-entry endorsements to "certain number of trips per endorsement". However, the Government has yet to give an account of the progress on this issue. In this connection, will the Government inform this Council:*

*(1) of the progress of its discussion with the mainland authorities on improving IVS and whether it has set a timetable for announcing the discussion outcome and the improvement measures;*

*(2) whether it has assessed the feasibility of requesting the mainland authorities to cancel the multiple-entry endorsements arrangement and setting a ceiling on the number of visitors under IVS; if it has assessed, of the details; if not, the reasons for that and whether it has considered other options; and*

*(3) of the specific new measures to diversify the sources of visitors, with a view to attracting visitors from long-haul markets (such as Europe, the United States and Australia, etc.) and short-haul markets in Asia (such as Taiwan, Japan and South Korea, etc.) to visit Hong Kong, so as to prevent the tourism industry from exceedingly relying on IVS?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Chinese): President, the HKSAR Government attaches great importance to the long-term and healthy development of Hong Kong's tourism industry. At the same time, we understand the community's concern about the impact of the continuous growth in visitor arrivals on people's livelihood. The Chief Executive announced in September 2012 that the relevant Mainland authorities would liaise and work closely with the HKSAR Government to ascertain the receiving capacity of Hong Kong before considering implementing multiple-entry Individual Visit Endorsements for non-permanent residents of Shenzhen, and arranging the orderly issuance of exit endorsements for non-permanent residents in six cities. Moreover, the HKSAR Government finished the assessment on

Hong Kong's capacity to receive tourists in late 2013, and is now making great efforts to enhance Hong Kong's capacity to receive tourists along the recommendations in the assessment report, including the expansion of the two theme parks, the commissioning of the second berth of the Kai Tak Cruise Terminal, and so on. We will also continue to adopt a multi-pronged approach to increase the supply of hotel rooms.

Our replies to the questions raised by Ms Claudia MO are as follows:

(1) and (2)

Taking into account the community's continued concern about Hong Kong's capacity to receive tourists, the Chief Executive indicated in April 2014 that the HKSAR Government was looking into ways to adjust the growth in visitor arrivals and their composition, and would announce the outcome as soon as possible upon discussion with the Central Government and relevant Mainland authorities. The HKSAR Government met with the Hong Kong and Macao Affairs Office of the State Council in June 2014 and relayed different views of the Hong Kong community on the Individual Visit Scheme (IVS) to the Central Government.

As different adjustment measures will lead to different extent of reduction in visitor flow in different districts and different sectors, as well as bring about different economic impacts, we have to analyse objectively the impact of different adjustment measures on Hong Kong's overall economy. Our major premise is to ensure the stable and orderly development of the tourism industry, and at the same time minimize as far as possible the inconvenience caused by increasing visitor arrivals to local residents, with a view to striking a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community. For this reason, we have to take into account Hong Kong's latest developments, including the economy, livelihood of the community, and so on. We encourage different sectors of the community to continue to seize the time to have extensive and serious discussions and give specific recommendations.

The measures to fine-tune and improve the arrangements under the IVS are still being discussed and there is no conclusion reached at this stage. The HKSAR Government will continue to liaise and exchange views with the Central Government and relevant Mainland authorities and relay different views of the Hong Kong community to the Central Government comprehensively so that the adjustment measures eventually implemented by the Central Government would better meet the long-term and overall interests of Hong Kong.

(3) The Tourism Commission, through the Hong Kong Tourism Board (HKTB), has endeavoured to maintain a diverse visitor portfolio and uphold Hong Kong's image as the Asia's World City and a world-class travel destination. In recent years, the HKTB has focused its marketing investment on 20 key markets globally, of which around 75% has been allocated to overseas markets (that is, markets other than the Mainland). To tap new visitor sources, the HKTB has also explored new markets, including India, Russia, Vietnam, markets in the Gulf Co-operation Council and the Netherlands.

Targeting at short-haul markets, the HKTB, together with the local travel trade, has launched a series of overseas promotions on Hong Kong's Chinese New Year programmes and rolled out appealing tourism products in Taiwan, Japan, South Korea and various Southeast Asian markets in January and February this year to drive arrivals during the Chinese New Year period. In 2015-2016, the HKTB will further increase its marketing investment in short-haul markets, especially in Taiwan, South Korea, the Philippines, Singapore and Indonesia, and focus its promotion during the summer and winter travel seasons. The HKTB will promote the unique experiences and tourism products offered in Hong Kong through advertisement, public relations initiatives, digital marketing and consumer shows to attract short-haul visitors.

For long-haul markets, since travel sentiments are impaired by the uncertain economic conditions, the HKTB will adopt a more cautious promotion strategy and focus its promotion in the spring and autumn travel seasons. The HKTB will maintain its presence in these markets through increased use of digital and social media

marketing and public relations initiatives. In addition, the HKTB will work closely with the tourism authorities in the Mainland and Macao to promote multi-destination itineraries and tourism products featuring Hong Kong to long-haul visitors to draw more long-haul arrivals.

Also, as regards the high-spending mid-career and achiever segments, the HKTB will continue to focus its promotion on Hong Kong's wine-and-dine offerings, arts and culture, green attractions, MICE (meetings, incentives, conventions and exhibitions) and cruise and other diversified appeal in order to attract more high-end visitors to Hong Kong.

**Maternity Support for Persons Entering Hong Kong on Employment Visas**

8. **DR FERNANDO CHEUNG** (in Chinese): *President, it is learnt that, each year, quite a number of persons entering Hong Kong on employment visas (including foreign domestic helpers) become pregnant, give birth or terminate their pregnancy in Hong Kong. As they are non-Hong Kong residents, the maternity support provided for them is inadequate and the medical and education services provided for their children born in Hong Kong are also limited. In this connection, will the Government inform this Council:*

*(1) whether it knows the number of requests for assistance received in each of the past five years by the Family Planning Association of Hong Kong from persons entering Hong Kong on employment visas;*

*(2) whether it knows the respective numbers of cases, in each of the past five years, in which persons entering Hong Kong on employment visas were pregnant, gave birth or terminated their pregnancy in Hong Kong, with a breakdown by nationality and job type of their employments; the arrangements made for the children born in Hong Kong to such persons (e.g. being sent back to their parents' countries of origin, being adopted, etc.);*

*(3) whether the Government currently provides sex education (including knowledge of contraception) to persons entering Hong Kong on employment visas, antenatal check-ups and support for the pregnant*

*among them, vaccination services to their new born babies, and services such as education for their children born in Hong Kong; if it does, of the details; if not, the reasons for that; and*

*(4) whether it has reviewed if the existing labour and anti-discrimination legislation provides adequate protection for the maternity and related rights of those persons entering Hong Kong on employment visas; if it has reviewed, of the details; if not, the reasons for that?*

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

(1) The Family Planning Association of Hong Kong provides services related to pregnancy and fertility. The service target group covers "persons with limited stay in Hong Kong", including persons entering Hong Kong on employment visas. The service figures for "persons with limited stay in Hong Kong" from 2011 to 2014 are as follows:

| *Type of service* | *2011* | | *2012* | | *2013* | | *2014* | |
|---|---|---|---|---|---|---|---|---|
| | *No. of clients* | *Total attendance* | *No. of clients* | *Total attendance* | *No. of clients* | *Total attendance* | *No. of clients* | *Total attendance* |
| Birth Control Service (Female) | 1 347 | 3 397 | 2 000 | 4 864 | 2 648 | 6 593 | 3 117 | 7 774 |
| Birth Control Service (Male) | 6 | 12 | 25 | 69 | 36 | 84 | 42 | 104 |
| Operation Theatre Service | 158 | 159 | 267 | 310 | 344 | 440 | 371 | 490 |
| Pre-marital Check-up Service | 9 | 15 | 6 | 15 | 9 | 22 | 3 | 7 |
| Pre-pregnancy Check-up Service | 12 | 24 | 24 | 45 | 14 | 32 | 10 | 22 |
| Subfertility Service | 14 | 31 | 25 | 71 | 21 | 58 | 21 | 45 |
| Men's Health Service | 1 | 1 | 1 | 1 | 2 | 2 | 3 | 4 |

| *Type of service* | *2011* | | *2012* | | *2013* | | *2014* | |
|---|---|---|---|---|---|---|---|---|
| | *No. of clients* | *Total attendance* | *No. of clients* | *Total attendance* | *No. of clients* | *Total attendance* | *No. of clients* | *Total attendance* |
| Youth Healthcare Service | 337 | 710 | 443 | 913 | 480 | 999 | 505 | 1 099 |
| Artificial Insemination by Husband Service | 0 | 0 | 2 | 24 | 0 | 0 | 0 | 0 |
| Total | 1 884 | 4 349 | 2 793 | 6 312 | 3 554 | 8 230 | 4 072 | 9 545 |

Notes:

(1) "Persons with limited stay in Hong Kong" refers to Hong Kong Identity card holders whose stay in Hong Kong is limited by the Director of Immigration, including those with working permits.

(2) Statistics data before 2011 are not available.

(3) Operation Theatre Service includes abortion, vasectomy and circumcision.

(2) The Hospital Authority (HA) has not kept record as to whether a patient seeking treatment in public hospital holds working visa, and the Immigration Department does not maintain statistics on the nationality of pregnant women who are non-Hong Kong permanent residents and their purpose of coming to Hong Kong, and so on. Therefore we are unable to provide the respective numbers of cases, in each of the past five years, in which persons entering Hong Kong on employment visas were pregnant, gave birth or terminated their pregnancy in Hong Kong, with a breakdown by nationality and job type of their employments.

As for the arrangements made for children born in Hong Kong to persons entering Hong Kong on employment visas, according to the information provided by the Social Welfare Department, the numbers of adopted children who were given birth to "persons with limited stay in Hong Kong" (including persons entering Hong Kong on employment visas) in the past five years are set out below:

| *Financial Year* | *The number of children who have been adopted* |
|---|---|
| 2014-2015 (April 2014 to January 2015) | 4 |

| *Financial Year* | *The number of children who have been adopted* |
|---|---|
| 2013-2014 | 12 |
| 2012-2013 | 5 |
| 2011-2012 | 10 |
| 2010-2011 | 2 |
| 2009-2010 | 1 |
| Total | 34 |

(3) The Family Health Service of the Department of Health provides a comprehensive range of health promotion and disease prevention services for children from birth to five years old and women at or below 64 years of age through a network of 31 Maternal and Child Health Centres (MCHCs) and three Woman Health Centres. As far as the scope of services is concerned, there is no difference to all clients irrespective of whether they are Hong Kong residents or persons entering Hong Kong on employment visas (including foreign domestic helpers (FDHs)). For infants and children, an integrated child health and development programme which includes a comprehensive immunization programme for protection against 11 childhood infectious diseases is implemented in MCHCs. For women of childbearing age, family planning services are provided by MCHCs. These include education on sexual health and prescription of appropriate contraceptive methods according to individual needs. For pregnant women, a comprehensive antenatal shared-care programme is provided through MCHCs in collaboration with the Obstetric Department of hospitals under the HA to monitor the whole pregnancy and delivery process. For postnatal mothers, MCHCs provides physical check-ups, advice on family planning, help and support to adapt to changes in life through individual counselling.

Regarding the education services for the children born in Hong Kong to persons entering Hong Kong on employment visas, if they are eligible for admission to public sector schools according to their residential status, they may apply for a public sector Primary One/Secondary One school place through the Primary One Admission System or Secondary School Places Allocation System

for admission in the following school year, or seek admission to individual public sector schools directly during the school year (including other class levels). The Regional Education Offices of the Education Bureau are ready to provide information on admission to schools.

(4) The Employment Ordinance (EO) provides equal statutory employment rights and benefits (including maternity and other relevant protection) to all employees working in Hong Kong, regardless of whether they are local or foreign workers (including those who are admitted under an employment visa and FDHs). Apart from the aforementioned statutory labour rights and benefits, the Special Administrative Region Government has, through administrative means, required employers to enter into Standard Employment Contracts (SEC) as prescribed by the Government for employment of FDHs and foreign workers imported under the Supplementary Labour Scheme. The employer also has to make available a copy of SEC to the worker concerned. SEC requires employers to provide their workers with suitable accommodation, free medical benefits and free passages between Hong Kong and their places of domicile. The Labour Department has also covered in its publications (for example, the "Practical Guide for Employment of foreign domestic helpers — What foreign domestic helpers and their employers should know") the maternity protection and other requirements enjoyed by FDHs under EO so that both employers and FDHs are aware of their own rights and obligations.

The current four anti-discrimination ordinances (that is, the Sex Discrimination Ordinance, Family Status Discrimination Ordinance, Disability Discrimination Ordinance and Race Discrimination Ordinance) protect individuals against sex, family status, disability and race discrimination in the provision of goods, facilities or services, among other areas. These provisions apply equally to all persons in Hong Kong, including persons entering Hong Kong on employment visas.

**Transport Services for Staff Working on Airport Island**

9. **MISS ALICE MAK** (in Chinese): *President, recently, some trade union representatives have relayed to me that due to the remote location of the Hong Kong International Airport (HKIA) and the inadequacy of its external public transport services, the commuting hours of the staff working on the airport island (airport staff) are relatively long and the companies and organizations operating at the airport have all along encountered difficulties in recruiting enough staff. In this connection, will the Government inform this Council:*

*(1) whether it knows the respective numbers and frequencies of buses of the 24-hour and overnight franchised bus routes running between HKIA and the urban areas; whether the authorities will request the franchised bus companies concerned to enhance their services;*

*(2) whether it will request the franchised bus companies to increase the frequencies of the bus routes calling en route at the various facilities in HKIA, so as to cope with the transport demand of airport staff; if it will, of the details; if not, the reasons for that;*

*(3) whether it will request the Airport Authority Hong Kong (AA) to join hands with the franchised bus companies to provide more bus-bus interchange concessions for airport staff, such as fare concessions for bus passengers interchanging at the bus stops in the Lantau Link Toll Plaza for other bus routes bound for the urban areas; if it will, of the details; if not, the reasons for that;*

*(4) whether it knows if AA will provide 24-hour shuttle bus services for transporting airport staff to and from HKIA, Lantau Link Toll Plaza and the urban areas; if AA will, of the details; if not, the reasons for that; and*

*(5) whether it knows if AA will establish a liaison group comprising representatives of AA, the Transport Department and trade unions for exchanging views on problems relating to the external transport for airport staff and putting forward solutions; if AA will, of the details; if not, the reasons for that?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Chinese): President, our consolidated reply to the various parts of the question raised by Miss Alice MAK is as follows:

At present, there are a total of 34 franchised bus routes plying between the airport and urban area. Twenty-four of them are day-time routes, and the remaining 10 are overnight routes providing service after midnight. Passengers served include persons who work on the airport island. The operating hours and frequencies of the above bus routes are shown at Annex 1. The occupancy rate of overnight routes ranges between 18% and 88%. Routes with higher occupancy rate mainly serve Tseung Kwan O, Sha Tin, Tuen Mun, Yuen Long, Kwun Tong and Wong Tai Sin districts.

As the operation of the airport gets busier and in order to further enhance the efficiency and service of the bus network serving the airport island, the Transport Department (TD) and franchised bus companies are proposing to introduce two new airport bus routes and one supplementary route, as well as enhance the frequencies or extend the service hours of five existing routes in the 2015-2016 Route Development Programme. The proposals comprise routes serving various facilities of the airport (see Annex 2). The TD will consult the District Councils concerned on the above proposals from February 2015 onwards.

As the airport operates round the clock, there are about 180 employees' service routes arranged by employers on the airport island on top of franchised bus service in order to meet the traffic needs of their employees.

The Government attaches importance to the traffic needs of staff going on and off duty on the airport island. We hope that the Airport Authority Hong Kong (AA) takes the lead to maintain close contact with the TD, public transport operators and business operators on the airport island with a view to improving the transport arrangements for staff travelling to and from the airport to address the needs. At the end of 2012, the AA set up an Airport Transportation Liaison Group (Liaison Group). Chaired by the AA, the Liaison Group comprises representatives from business operators on the airport island (that is, the human resources personnel from major companies on the airport island), public transport operators and the TD. The Liaison Group holds meetings regularly to apprehend the transport needs of airport staff, review the provision of public

transport serving the airport island and discuss ways to enhance transport services to and from the airport. The AA also communicates with staff representatives directly to learn about their needs and comments.

The AA is now gathering information through questionnaires about the time that airport staff going on and off duty in the small hours, as well as their working places and residences, so that a systematic analysis of their transport needs can be made. The AA will then study, together with the business operators on the airport island, how to revamp employees' service routes in the small hours, and discuss with the TD the feasibility of running late night express bus route (skipping Tung Chung) service. The TD stands ready to facilitate transport service proposals based on service needs and will maintain close contact with the AA.

The Government has all along been encouraging franchised bus companies, after taking into account their respective operating and financial conditions, overall economic environment and passenger needs, to reduce fare or provide concessions as far as possible to help reduce passengers' travelling expenses. Currently, the Citybus Limited and Long Win Bus Company Limited are offering 54 bus-bus interchange schemes (see Annex 3) covering 25 routes for passengers travelling from/to the airport. Passengers can enjoy 12 of these schemes at the Lantau Link Toll Plaza. Moreover, the franchised bus companies are offering 10% to 40% (ranging from $3 to $21) fare concessions for airport staff under 12 routes (see Annex 4).

Annex 1

Franchised bus routes from/to the airport and urban area

I. Daytime bus routes

| *No.* | *Route No.* | *Franchised bus company* | *Terminating Points* | *Operating Hours* | *Frequency* |
|---|---|---|---|---|---|
| 1 | A10 | Citybus | Ap Lei Chau Estate — Airport (Ground Transportation Centre) | 05:30-00:20 | Every 30 minutes |

| *No.* | *Route No.* | *Franchised bus company* | *Terminating Points* | *Operating Hours* | *Frequency* |
|---|---|---|---|---|---|
| 2 | A11 | Citybus | North Point Ferry Pier — Airport (Ground Transportation Centre) | 05:10-00:30 | Every 15-20 minutes |
| 3 | A12 | Citybus | Siu Sai Wan (Island Resort) — Airport (Ground Transportation Centre) | 05:30-00:10 | Every 20-25 minutes |
| 4 | A21 | Citybus | Hung Hom Station — Airport (Ground Transportation Centre) | 05:30-00:00 | Every 9-20 minutes |
| 5 | A22 | Citybus | Lam Tin Station — Airport (Ground Transportation Centre) | 05:30-00:10 | Every 15-20 minutes |
| 6 | A29 | Citybus | Tseung Kwan O (Po Lam) — Airport (Ground Transportation Centre) | 05:15-00:10 | Every 30 minutes |
| 7 | A31 | Long Win | Tsuen Wan West Station Public Transport Interchange — Airport (Ground Transportation Centre) | 05:20-00:00 | Every 15-30 minutes |
| 8 | A33 | Long Win | Tuen Mun Station Public Transport Interchange — Airport (Ground Transportation Centre) | 06:25, 17:10 | 2 trips/day |
| 9 | A41 | Long Win | Sha Tin (Yu Chui Court) — Airport (Ground Transportation Centre) | 05:30-00:00 | Every 15-30 minutes |
| | A41P | Long Win | Wu Kai Sha Station — Airport (Ground Transportation Centre) | 05:20-00:00 | Every 20-35 minutes |
| 10 | A43 | Long Win | Fanling (Luen Wo Hui) — Airport (Ground Transportation Centre) | 05:20-00:00 | Every 10-30 minutes |

| *No.* | *Route No.* | *Franchised bus company* | *Terminating Points* | *Operating Hours* | *Frequency* |
|---|---|---|---|---|---|
| 11 | A35 | New Lantao Bus | Mui Wo — Airport (Air Passenger Terminal) | 05:35-00:15 | 10 trips/day |
| 12 | E11 | Citybus | Causeway Bay (Tin Hau) — Asia World-Expo | 05:20-00:00 | Every 12-20 minutes |
| | E11S | Citybus | Yat Tung Estate Public Transport Terminus — Causeway Bay (Tin Hau) | 07:30, 07:45 | 2 trips/day |
| 13 | E21 | Citybus | Tai Kok Tsui (Island Harbourview) — Asia World-Expo | 05:30-00:00 | Every 10-30 minutes |
| | E21A | Citybus | Ho Man Tin (Oi Man Estate) — Tung Chung (Yat Tung Estate Public Transport Terminus) | 06:10-23:50 | Every 10-30 minutes |
| | E21X | Citybus | Tung Chung (Yat Tung Estate Public Transport Terminus) — Hung Hom Station | 07:20-08:00 | 3 trips/day |
| 14 | E22 | Citybus | Lam Tin (North) — Asia World-Expo | 05:30-00:00 | Every 8-20 minutes |
| | E22A | Citybus | Tseung Kwan O (Hong Sing Garden) — Asia World-Expo | 05:20-23:50 | Every 25-30 minutes |
| | E22P | Citybus | Yau Tong Bus Terminus — Asia World-Expo | 05:35-18:05 | Every 15-30 minutes |
| | E22X | Citybus | Yau Tong Bus Terminus — Asia World-Expo | 05:42-18:12 | Every 15-30 minutes |
| | E22S | Citybus | Yat Tung Estate Public Transport Terminus — Po Lam Public Transport Interchange | 07:35 | 1 trip/day |

| *No.* | *Route No.* | *Franchised bus company* | *Terminating Points* | *Operating Hours* | *Frequency* |
|---|---|---|---|---|---|
| 15 | E23 | Citybus | Tsz Wan Shan (South) — Airport (Ground Transportation Centre) | 05:25-00:00 | Every 10-20 minutes |
| 16 | E32 | Long Win | Kwai Fong Station — Asia World-Expo | 05:20-00:00 | Every 9-20 minutes |
| 17 | E33 | Long Win | Tuen Mun Central Bus Terminus — Airport (Ground Transportation Centre) | 05:20-00:00 | Every 6-20 minutes |
| | E33P | Long Win | Siu Hong Station (South) — Airport (Ground Transportation Centre) | 05:15-18:50 | Every 10-50 minutes |
| 18 | E34A | Long Win | Tin Shui Wai Town Centre — Airport (Ground Transportation Centre) | 05:10-00:00 | Every 11-20 minutes |
| | E34B | Long Win | Yuen Long (Ma Wang Road) — Airport (Ground Transportation Centre) | 05:20-00:00 | Every 11-20 minutes |
| | E34P | Long Win | Tung Chung (Yat Tung Estate) — Tin Shui Wai Town Centre | 06:10, 07:15 | 2 trips/day |
| 19 | E41 | Long Win | Tai Po Tau — Asia World-Expo | 05:15-00:00 | Every 9-20 minutes |
| 20 | E42 | Long Win | Sha Tin (Pok Hong) — Airport (Ground Transportation Centre) | 05:30-00:00 | Every 8-20 minutes |
| 21 | S52 | Citybus | Tung Chung (Yat Tung Estate Public Transport Terminus) — Airport (Aircraft Maintenance Area) | 05:28-23:52 | Every 18-22 minutes |
| | S52P | Citybus | Tung Chung (Yat Tung Estate Public Transport Terminus) — Airport (Asia Airfreight Terminal) | 07:18-08:58 | 6 trips/day |

| *No.* | *Route No.* | *Franchised bus company* | *Terminating Points* | *Operating Hours* | *Frequency* |
|---|---|---|---|---|---|
| 22 | S56 | Citybus | Tung Chung Station Bus Terminus — Airport (Passenger Terminal Building) (Circular) | 05:55-23:25 | Every 15-30 minutes |
| 23 | S1 | Citybus/Long Win | Tung Chung Station Bus Terminus — AsiaWorld-Expo (via Passenger Terminal Building) (Circular) | 05:30-00:00 | Every 5-10 minutes |
| 24 | S64 | Long Win | Tung Chung (Yat Tung Estate Public Transport Terminus) — Airport (Passenger Terminal Building) (Circular) | 09:08-00:00 | Every 10-15 minutes |
| | S64X | Long Win | Tung Chung (Yat Tung Estate Public Transport Terminus) — Airport (Passenger Terminal Building) (Circular) | 05:20-09:00 | Every 10-20 minutes |
| | S64C | Long Win | Tung Chung (Yat Tung Estate Public Transport Terminus) — Airport (Cargo and Catering Area) (via Tung Chung Station Bus Terminus) (Circular) | 05:24-08:56 | Every 10-15 minutes |
| | S64P | Long Win | Tung Chung Station Bus Terminus — Catering Road East to Tung Chung (Yat Tung Estate Public Transport Terminus) (via Tung Chung New Development Ferry Pier) (Circular) | 07:27-18:55 | 4 trips/day |

II. Overnight bus routes

| *No.* | *Route No.* | *Franchised bus company* | *Terminating Points* | *Operating Hours* | *Frequency* |
|---|---|---|---|---|---|
| 1 | N11 | Citybus | Central (Macau Ferry) — Airport (Ground Transportation Centre) | 00:20-04:50 | Every 30 minutes |
| 2 | N21 | Citybus | Star Ferry — Airport (Ground Transportation Centre) | 00:20-05:10 | Every 20 minutes |
| | N21A | Citybus | Star Ferry — Airport (via Yat Tung Estate omitting the Airport Cargo Area) | 00:10-05:00 | 5 trips/day |
| 3 | N23 | Citybus | Tsz Wan Shan (North) — Tung Chung Station Bus Terminus | 00:15-05:05 | 5 trips/day |
| 4 | N26 | Citybus | Yau Tong Public Transport Interchange — Tung Chung Station Bus Terminus | 00:20-05:25 | 4 trips/day |
| 5 | N29 | Citybus | Tseung Kwan O (Hong Sing Garden) — Tung Chung Station Bus Terminus | 00:15-04:50 | 5 trips/day |
| 6 | N30 | Long Win | Yuen Long (East) — Tung Chung Station Bus Terminus | 00:20-04:20 | 7 trips/day |
| | N30P | Long Win | Hung Kiu — Tung Chung Station Bus Terminus | 03:50, 04:20 | 2 trips/day |
| 7 | N31 | Long Win | Tsuen Wan (Discovery Park Bus Terminus) — Airport (Ground Transportation Centre) | 00:15-05:15 | Every 30 minutes |
| 8 | N42 | Long Win | Ma On Shan (Yiu On) — Airport/Tung Chung Station Bus Terminus | 00:20-04:50 | 3 trips/day |

| *No.* | *Route No.* | *Franchised bus company* | *Terminating Points* | *Operating Hours* | *Frequency* |
|---|---|---|---|---|---|
| | N42A | Long Win | Fanling (Luen Wo Hui) — Tung Chung Station Bus Terminus (via Airport) | 00:20, 04:00 | 2 trips/day |
| 9 | N64 | Long Win | Airport (Ground Transportation Centre) — Yat Tung Estate (via Tung Chung Station Bus Terminus) | 00:45-01:15 | 2 trips/day |
| 10 | N35 | New Lantao Bus | Mui Wo — Airport (Air Passenger Terminal) | 01:30-04:30 | 4 trips/day |

Annex 2

*2015-2016 Bus Route Development Programme*

1. Proposed new airport bus routes
   - A36 (Hung Shui Kiu — Airport (Ground Transportation Centre))
   - A47 (Tai Po (Fu Heng) — Airport (Ground Transportation Centre))

2. Proposed new supplementary route
   - A33P (Chung Uk Tsuen — Airport (Ground Transportation Centre))

3. Proposed routes with increase of frequencies or extended service hours
   - E11 (Causeway Bay (Tin Hau) — AsiaWorld-Expo))
   - E33P (Siu Hong — Airport (Ground Transportation Centre))
   - E34A/E34B (Tin Shui Wai Town Centre/Yuen Long (Ma Wang Road) — Airport (Ground Transportation Centre))
   - E42 (Sha Tin (Pok Hong) — Airport (Ground Transportation Centre))
   - S56 (Tung Chung Station — Airport (Ground Transportation Centre) (circular route))

Annex 3

Bus-Bus Interchange concessions provided
by Citybus Limited and Long Win Bus Company

| *No.* | *Interchange location* | *Bus Route* | *Bus-Bus Interchange Concessions ($)* |
|---|---|---|---|
| 1 | Chun Wan Road | Citybus E21↔Citybus S52 | 1.0-4.0 |
| 2 | Water Street, Connaught Road Central | Citybus A11/A12↔Citybus 6/6A/6X/37A/37B/40M/70/75/90/90B/97/260/973 | 4.7-13.6 |
| 3 | Connaught Road Central, King's Road | Citybus A11/A12↔Citybus 1/3B/11/12/12A/12M/25A | 3.4-6.1 |
| 4 | Water Street, Des Voeux Road West | Citybus A12↔Citybus 1/5B | 3.4 |
| 5 | Shau Kei Wan Road | Citybus A12↔Citybus 85 | 3.7 |
| 6 | Queensway, Hennessy Road | Citybus N11↔Citybus N8X/N90/N72 | 7.1-9.4 |
| 7 | Admiralty (West) Bus Terminus, Queensway | Citybus E11↔Citybus 1/5(5S)/5B/10 | 1.5 |
| 8 | Tat Tung Road, Shun Tung Road | Citybus E11/E21/E22(E22A)/E23↔Citybus S52(S52P) | 1.0 |
| 9 | Tat Tung Road, Shun Tung Road | Long Win E32/E33(E33P)/E34A/E34B/E41/E42↔Long Win S64(S64C/S64X/S64P) | 1.0 |
| 10 | Scenic Road | Citybus S52(S52P)↔Citybus S56 | 2.5-3.5 |
| 11 | Kornhill Road | CitybusA12↔Citybus 77/99 | 3.1-7.0 |
| 12 | Admiralty (East) | Citybus A11↔Citybus 37X | 4.7 |
| 13 | Lantau Link Toll Plaza, Cheong Tat Road, Airport (Ground Transportation Centre) | Long Win E31/E32/E33(E33P)/E34A/E34B/E41/E42↔Long Win A31/A33/A41(A41P)/A43 (New Territories Bound)<br><br>Long Win A31/A33/A41(A41P)/A43↔Long Win E31/E32/E33(E33P)/E34A/E34B/E41/E42(Airport Bound) | 4.3-13.9 |

| *No.* | *Interchange location* | *Bus Route* | *Bus-Bus Interchange Concessions ($)* |
|---|---|---|---|
| 14 | Connaught Road Central, Gloucester Road | Citybus A11/A12↔Citybus 780/788 | 1.2-6.2 |
| 15 | Pottinger Street, Connaught Road Central | NWFB720(720P)↔Citybus A11/A12 | 1.5 |
| 16 | Sun Sing Street, Shau Kei Wan Road, Nam Hong Street | Citybus A12↔NWFB 2 | 3.6-4.1 |
| 17 | Chai Wan Road | Citybus A12↔NWFB 8 | 3.6-6.1 |
| 18 | King's Road | Citybus A11↔NWFB 27 | 3.8-4.4 |
| 19 | Gloucester Road (Immigration Tower) | Citybus A12↔NWFB 18 (18P)/720/720A | 5.2-6.5 |
| 20 | Ka On Street, Des Voeux Road West | Citybus A12↔Citybus 5/10 | 3.4 |
| 21 | Admiralty | Citybus E11↔Citybus 629 | 5.0 |
| 22 | Lantau Link Toll Plaza, Shun Tung Road | Citybus N21A↔Citybus N11 (Airport Bound) | 5.0-13.0 |
| 23 | Lantau Link Toll Plaza, Cathay City, Airport (Ground Transportation Centre) | Long Win E33(E33P)/E34A/ E34B/E42↔Long Win E32 | 4.3-10.8 |
| 24 | Lantau Link Toll Plaza, Cathay City, Airport (Ground Transportation Centre) | Long Win E33(E33P)/E34A/ E34B/E42↔Long WinE41 | 4.3-13.9 |
| 25 | Lantau Link Toll Plaza, Airport (Ground Transportation Centre) | Citybus A10/A11/A12/ A22↔Citybus A21 | 4.0-17.0 |
| 26 | Lantau Link Toll Plaza, Cheong Tat Road, Airport (Ground Transportation Centre) | Citybus E23↔Citybus E11/ E21/E22(E22A)<br><br>Citybus E11/E21/E22 (E22A)↔Citybus A10/A11/ A12/A21/A22/A29 | 4.0-24.0 |

| *No.* | *Interchange location* | *Bus Route* | *Bus-Bus Interchange Concessions ($)* |
|---|---|---|---|
| 27 | Airport (Ground Transportation Centre) | Citybus E11/E21/E22(E22A/E22P/E22X)↔Citybus A10/A11/A12/A21/A22/A29 (Urban Bound)<br><br>Citybus A10/A11/A12/A21/A22/A29(Airport Bound)↔CitybusA10/A11/A12/A21/A22/A29/E23(Urban Bound) | 4.0-24.0 |
| 28 | Aberdeen Praya Road, Pok Fu Lam Road, Western Harbour Crossing Toll Plaza | Citybus 7/48/71/73/97A/973/NWFB 43M/43X/46X/78/95/970(970X)/971↔Citybus A10<br><br>Citybus 71P/90C/973P↔Citybus A10<br><br>Citybus A10↔Citybus 47P | 2.5-3.6 |
| 29 | Western Harbour Crossing Toll Plaza (Hong Kong Island Bound) | Citybus E11↔KMB 373A, 934, 935, 960(960P, 960S), 961, 968, NWFB 970(970X), 971, Citybus 930(930A), 962(962A, 962B, 962P, 962X, 962S), 967(967X), 969(969A, 969B, 969P, 969X), 973, KMB/NWFB 904, 905, 914(914X), 948 (948P) | 5.0 |
| 30 | Des Voeux Road Central | Citybus N11↔Citybus 5B | 3.4 |
| 31 | Airport (Ground Transportation Centre) | Citybus E22X↔Citybus A10/A11/A12/A21/A22/A29 (Urban Bound) | 18.0 |
| 32 | Mong Kok Road, Mei Foo Sun Chuen, Cheung Sha Wan Road | Citybus E21A↔Citybus E21 | 4.8-14.0 |

| *No.* | *Interchange location* | *Bus Route* | *Bus-Bus Interchange Concessions ($)* |
|---|---|---|---|
| 33 | Castle Peak Road — Yuen Long | Long Win E34↔KMB B1 | 4.0 |
| 34 | Pok Fu Lam Road Queen Mary Hospital | NWFB 4(4X)/30X↔Citybus A10 | 4.1-6.5 |
| 35 | Shun Tung Road Fu Tung Estate, Tat Tung Road Mei Tung Street | Citybus S52↔Citybus E21 | 3.0-4.0 |
| 36 | Lantau Link Toll Plaza | Citybus E23↔Citybus E22P/E22X | 8.0 |
| 37 | Po Ning Road Hau Tak Estate, Po Lam Road North King Lam Estate, Lung Cheung Road Wong Tai Sin Station | Citybus A29↔Citybus E22/E22A/E22P/E22X/NWFB694/792M/798 | 3.7-24.0 |
| 38 | Lantau Link Toll Plaza, Lung Cheung Road Wong Tai Sin Station | Citybus E22P/E22X↔Citybus E11/E21/E22/E22A/E23 (Airport Bound)<br><br>Citybus E21/E22/E23↔Citybus E22P/E22X(Urban Bound)<br><br>Citybus E22↔Citybus E22P/E22X | 5.2-18.0 |
| 39 | Connaught Road Central | NWFB 722↔Citybus A11/A12 | 1.5-6.5 |
| 40 | Connaught Road Central | NWFB 15↔Citybus A11/A12 | 5.4 |
| 41 | Sham Mong Road | NWFB 702↔Citybus A21 | 3.3-3.7 |
| 42 | Lantau Link Toll Plaza | Citybus A10/A11/A12/A21/A22/A29↔Citybus E21(E21A/E21X)/E22(E22P/E22X)/E23 (Urban Bound) | 14.0 |
| 43 | Lantau Link Toll Plaza | Citybus E11/E21(E21A/E21X)/E22(E22A/E22P/E22S/E22X)/E23↔Citybus A10/A11/A12/A21/A22/A29(Urban Bound) | 1.0-18.0 |

| *No.* | *Interchange location* | *Bus Route* | *Bus-Bus Interchange Concessions ($)* |
|---|---|---|---|
| 44 | Shun Tung Road/Cathay City | Citybus E11/E21(E21A)/E22(E22A/E22P/E22X)/E23↔Citybus S52 | 0.5 |
| 45 | Shun Tung Road | Long Win E31/E32/E33(E33P)/E34A/E34B/E41/E42↔Citybus S52 | 0.5 |
| 46 | Lantau Link Toll Plaza | Long Win E31/E32/E33(E33P)/E34A/E34B/E41/E42↔Long Win A31/A33/A41 (A41P)/A43 (Airport Bound) | 5.1-10.8 |
| 47 | Lantau Link Toll Plaza | Long Win A31/A33/A41(A41P)/A43↔Long Win E31/E32/E33 (E33P)/E34A/E34B/E41/E42 (New Territories Bound) | 5.1-14.3 |
| 48 | Between Kwai Chung Sports Ground and Tsuen Wan West Station | Long Win A31↔KMB 34M/36M/238M | 1.0 |
| 49 | Between Goodview Garden and Tuen Mun Station | Long Win A33↔KMB 61M | 1.0 |
| 50 | Between Sha Tin Town Centre and Sha Tin Yu Chui Court | Long Win A41↔KMB 83K/282/283/284 | 1.0 |
| 51 | Between City One Shatin and Ma On Shan (Yiu On) | Long Win A41P↔KMB 87K/289K/299X | 1.0 |
| 52 | Between Sheung Shui Station and Fanling (Luen Wo Hui) | Long Win A43↔KMB 73/270/273B | 1.0 |
| 53 | Tuen Mun Road Bus-Bus Interchange | KMB 52X/53/57M/58M/59M/59X/60M/60X/61M/61X/63X/66M/66X/67M/67X/68A/258D/259D/260X/263/960/960P/960S/960X/961/961P/N260↔Long Win E33(Airport Bound) | 4.0 |

| *No.* | *Interchange location* | *Bus Route* | *Bus-Bus Interchange Concessions ($)* |
|---|---|---|---|
| 54 | Tuen Mun Road Bus-Bus Interchange | Long Win E33↔KMB 52X/53/57M/58M/58P/59M/59X/60M/60X/61M/61X/63X/66M/66X/67M/67X/68A/258D/259D/260X/263/960/960A/960B/961/N260 (New Territories Bound) | 4.0 |

Annex 4

Fare Concessions for Airport Staff provided by Citybus Limited and Long Win Bus Company

| *No.* | *Route* | *Bus Company* | *Terminating Point* | *Full Fare ($)* | *Airport Staff Concessionary Fare ($)* |
|---|---|---|---|---|---|
| 1 | A10 | Citybus | Ap Lei Chau Estate — Airport (Ground Transportation Centre) | 48.0 | 27.0 |
| 2 | A11 | Citybus | North Point Ferry Pier — Airport (Ground Transportation Centre) | 40.0 | 27.0 |
| 3 | A12 | Citybus | Siu Sai Wan (Island Resort) — Airport (Ground Transportation Centre) | 45.0 | 27.0 |
| 4 | A21 | Citybus | Hung Hom Station — Airport (Ground Transportation Centre) | 33.0 | 23.0 |
| 5 | A22 | Citybus | Lam Tin Station — Airport (Ground Transportation Centre) | 39.0 | 27.0 |

| *No.* | *Route* | *Bus Company* | *Terminating Point* | *Full Fare ($)* | *Airport Staff Concessionary Fare ($)* |
|---|---|---|---|---|---|
| 6 | A29 | Citybus | Tseung Kwan O (Po Lam Public Transport Interchange) — Airport (Ground Transportation Centre) | 42.0 | 27.0 |
| 7 | N23 | Citybus | Tsz Wan Shan (North) — Tung Chung Station Bus Terminus | 23.0 | 20.0 |
| 8 | N26 | Citybus | Yau Tong Public Transport Interchange — Tung Chung Station Bus Terminus | 23.0 | 20.0 |
| 9 | N29 | Citybus | Tseung Kwan O (Hong Sing Garden) — Tung Chung Station Bus Terminus | 24.0 | 20.0-21.0 |
| 10 | A43 | Long Win | Fanling (Luen Wo Hui) — Airport (Ground Transportation Centre) | 30.9 | 20% off for return journey (that is, 24.7) |
| 11 | N30 | Long Win | Yuen Long (East) — Tung Chung Station Bus Terminus | 28.0 | 25.0 |
| 12 | N42 | Long Win | Ma On Shan (Yiu On) — Tung Chung Station Bus Terminus | 27.0 | 24.0 |

**Impacts of Tourists on Residents in Hung Hom and To Kwa Wan**

10. **MR WONG YUK-MAN** (in Chinese): *President, some residents in Hung Hom and To Kwa Wan have complained to me that as a number of shops and hotels in the districts are dedicated to providing services to mainland people visiting Hong Kong under the Individual Visit Scheme, a large number of coaches park and pick up/drop off tourists in the districts every day, resulting in traffic*

*obstructions. Moreover, the noises produced by tourists have also caused nuisances to the residents. As a number of new hotels in the Hung Hom district will be completed in the next few years, these residents are worried that the aforesaid problems will worsen. In this connection, will the Government inform this Council:*

*(1) whether it has compiled statistics on the respective average daily numbers of coaches parking in the two aforesaid districts on weekdays; and*

*(2) how the authorities, when vetting and approving planning applications for changing land uses for hotel developments, currently assess the impacts of visitor flows and traffic flows to be brought by the relevant projects on the traffic and lives of residents in the districts concerned, and of the measures put in place to minimize such impacts; under what circumstances the authorities will reject such applications?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, hotel is a crucial component of the tourism industry. The Government has been keeping a close watch on the hotel room supply in Hong Kong, with a view to supporting the sustainable development of Hong Kong's tourism industry.

On the planning and land use aspect, hotel is a use always permitted on sites zoned "Commercial" on the statutory plan, and no planning application is required for such development. For hotel development on sites zoned "Residential" and "Other Specified Uses" annotated "Business", application must be made to the Town Planning Board (TPB). When considering the planning applications, the TPB will take into account the circumstances of individual applications and relevant factors, including the justifications of the applicant, compatibility with the surrounding land uses, impacts on traffic and infrastructural capacities, views of the government departments concerned, impacts of the proposed development on surrounding areas and the public views received, and so on.

Regarding each part of the question, our reply in consultation with the relevant bureaux and departments is as follows:

(1) The Transport Department (TD) has been monitoring the use of coach parking spaces in different districts. According to the TD's observation last year, some 100 coaches were found parking on roads near the popular tourist spots and hotels in To Kwa Wan daily; coaches were also found parking in Hung Hom from time to time. The TD notes that some coach drivers do not use the proper parking spaces, but instead choose to park illegally near the popular tourist spots or hotels, which makes it impossible for other vehicles to load/unload in these road sections; hence causing traffic congestion. The TD has been liaising with the Police in this regard, and the Police would take enforcement measures as appropriate.

At the same time, the TD would, where necessary, identify and provide additional coach parking spaces at appropriate locations, as long as road safety and other road users are not affected.

(2) Regarding the planning application for hotel use, the TPB will take into account relevant factors when considering the application, including the impacts of the proposed development on traffic and residents nearby. In this connection, the TPB will make reference to the comments of relevant departments including the TD and the Home Affairs Department, as well as the findings of the traffic impact assessment submitted by the applicant. Depending on the circumstances of individual case, the TPB could consider imposing appropriate conditions in the planning approval, if necessary, based on the recommendations of relevant departments, such as requiring the applicant to take measures to minimize the traffic impact to an acceptable level. If the hotel development concerned would cause an unacceptable traffic impact, the TPB would consider rejecting the relevant application.

**Retirement Protection**

11. **MR JAMES TIEN** (in Chinese): *President, the Chief Executive (CE) has stated in the 2015 Policy Address that the Government agrees that protection for needy citizens after retirement should be improved and he has asked the Financial Secretary to earmark $50 billion for this purpose. In this connection, will the Government inform this Council:*

*(1) given that retirement protection concerns people from various strata of society, why the authorities have entrusted the Commission on Poverty with the responsibility of devising a framework and setting out the details for a public consultation on retirement protection;*

*(2) how the Government came to the decision that the fund earmarked for retirement protection be set at a level of $50 billion, and whether it will further shoulder the expenditure to be incurred by any new retirement protection scheme;*

*(3) whether it has plans to require employers and/or employees to shoulder the expenditure to be incurred by any new retirement protection scheme; if it has such plans, whether it has prudently considered the affordability for small and medium enterprises;*

*(4) as CE has stated in the Policy Address that in exploring the issue of retirement protection, the Government must fully consider the sustainability, affordability and robustness of various policy options and focus social resources on helping those most in need, whether the authorities have made such a statement on the basis of the assessment outcome that the recommendations set out in the Research Report on Future Development of Retirement Protection in Hong Kong are not feasible; if they have not, of the reasons for that; and*

*(5) as CE has reportedly indicated that it is his wish that a decision on the issue of retirement protection can be made within the tenure of the current-term government, and given the controversies in society surrounding this issue which have lasted for years, of the measures the authorities have put in place to ensure that the current-term government can make a decision on this issue in the remaining two years or so of its tenure?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President, my consolidated reply to Mr James TIEN's question is set out below:

In 2013, the Commission on Poverty (CoP) commissioned the consultancy team from The University of Hong Kong led by Prof Nelson CHOW to conduct a study on the future development of retirement protection in Hong Kong. The

relevant report was submitted to the CoP on 20 August 2014 and was released in full on the same day. Since the abovementioned study conducted by the consultancy team led by Prof Nelson CHOW was commissioned by the CoP, it is logical for the related issues be followed up by the CoP.

Retirement protection is a very important social issue. There have been divergent views in the community. As stated by the Chief Executive in the 2015 Policy Address published on 14 January, in the coming few months, the CoP will devise a framework and set out the details for a public consultation on retirement protection in the latter half of this year. Further, at the CoP meeting held on 3 February, members agreed to set up a working group under the CoP to take the preparation work forward. The Government looks forward to rational and pragmatic discussions with a view to arriving at a community consensus.

The Government agrees that protection for needy citizens after retirement should be improved. To demonstrate our determination and commitment, the Government has earmarked $50 billion to provide for future needs.

**Development of Data Centres in Hong Kong**

12. **MR FREDERICK FUNG** (in Chinese): *President, at present, operators of data centres who intend to set up data centres in the Industrial Estates (IEs) owned and managed by the Hong Kong Science and Technology Parks Corporation (HKSTPC) must obtain the approval of HKSTPC, and the accommodation values in IEs are far lower than the market prices. In this connection, will the Government inform this Council:*

*(1) whether it has reviewed if the existing procedure of HKSTPC for vetting and approving applications for setting up data centres in IEs has sufficient transparency, and if unfair competition has been created between data centres set up in IEs and those set up in other places; of the measures put in place to enhance the transparency and fairness of the vetting and approving procedure (such as introducing appropriate monitoring and making public the relevant approval criteria and marking schemes);*

*(2) whether it knows what monitoring mechanism HKSTPC has put in place to prevent operators of data centres in IEs from letting or*

*sub-letting the lands granted to them to third parties; whether such cases were uncovered in the past five years; if so, of the details, and how HKSTPC handled such cases; and*

*(3) whether it will comprehensively review the existing policies and measures for supporting data centres, so as to create for the industry a business environment with a lower start-up threshold, conducive to fair competition and with highly transparent systems; whether it will make reference to overseas practices and construct a large-scale data centre park, so as to lower the costs of establishing and operating data centres through resources sharing?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Chinese): President, my reply to the three-part question is as follows:

(1) The Hong Kong Science and Technology Parks Corporation (HKSTPC) has a well-established system for approving applications for sites in the Industrial Estates (IEs). Applications for data centre and other industrial purposes are processed according to the same criteria and procedures. Generally speaking, the basic admission criteria to IEs are as follows:

(i) the project cannot be accommodated in ordinary multi-storey industrial or commercial buildings;

(ii) the operation is not classified as offensive trade under government regulations (for example, tanning of leather); and

(iii) the project is not engaging primarily in storage and warehousing.

In assessing the applications, HKSTPC also makes reference to relevant factors of the project, including:

(i) new or improved products or services;

(ii) new or upgraded technology;

(iii) high added value based on the use of local material and manpower;

(iv) products or services for which there is strong demand from local industry;

(v) substantial contribution to Hong Kong's exports;

(vi) significant investment particularly in new machinery and equipment; and

(vii) employment at a higher level of skill.

All applicants are required to submit the investment details, business model and estimated schedule of development to facilitate the assessment of applications. All projects are assessed by HKSTPC staff and then submitted to the Business Development and Admission Committee under the Board of HKSTPC for approval. Information on vacant sites open for application and the above admission criteria are available at HKSTPC's website for reference by applicants. As vetting of applications involves sensitive commercial information of other applicants, HKSTPC will only inform the applicants of the result of their applications.

(2) All successful applicants for a land grant are required to sign with HKSTPC a lease agreement, which stipulates that only approved operations or other operations agreed in writing by HKSTPC can be carried out in the premises, and that subletting of the premises to other parties is not allowed. In view of the unique operation model of data centres, grantees engaging in high-tier data centre managed services (for example, Internet connectivity and networking services, managed and outsourcing services on facilities, cloud computing and storage management system, data centre management and system management) are also required to draft a proforma service agreement to be used for their service clients, specifying the service level and scope, security and access arrangements to the data centre, and so on. The proforma service agreement is subject to the approval of HKSTPC and its designated solicitors to ensure that no subletting of the premises to the clients is involved. The grantees and their service clients must adopt the proforma service agreement without

making any unauthorized alteration to the clauses. Any subsequent amendments are subject to further approval by HKSTPC.

As the management authority of the IEs, HKSTPC conducts site inspection of the premises on a regular basis to note the operation therein. If a grantee is found to be in breach of the terms and conditions of the lease agreement, actions will be taken according to the lease conditions, including charging an additional premium and demanding the grantee to cease the breach. If the breach is not rectified, HKSTPC may initiate the re-entry procedure according to the lease agreement.

HKSTPC has previously conducted investigations into some suspected cases of letting or subletting the premises to a third party. Individual grantees which were substantiated to be in breach of the terms and conditions of the lease have rectified the breach upon follow up by HKSTPC. HKSTPC will continue to monitor the operation of data centres in the IEs and take follow-up actions according to the lease agreement as appropriate.

(3) Data centres are essential infrastructure to sustain continuous economic development and entrench Hong Kong's position as a trading and financial centre. Having regard to the unique requirements of data centres, the Government has implemented a number of facilitation measures to promote data centre development in Hong Kong, including:

(i) Providing land for data centre use — The Government has earmarked land in Tseung Kwan O outside the Industrial Estate for high-tier data centre development. The first one-hectare site was disposed of through public tender in October 2013. We are now working with relevant government departments to make available the second one-hectare site for public tender in 2016. In addition, HKSTPC has provided over 19 hectares of land in IEs for data centre development. The Tseung Kwan O Industrial Estate now accommodates a cluster of 11 high-tier data centres established by a number of multinational enterprises, which is the largest data centre cluster in the Asia Pacific region.

(ii) Encouraging the use of industrial buildings and industrial lots for data centres — The Government has launched two incentive measures since June 2012 to encourage the conversion of eligible industrial buildings for data centre use and development of high-tier data centres in industrial lots. As at January 2015, we have received a total of 13 applications (11 for conversion and two for development). Ten conversion applications and one development application have already been approved.

(iii) Implementing support measures to cater for the unique requirements of data centres — The Office of the Government Chief Information Officer established a Data Centre Facilitation Unit (DCFU) in July 2011 and launched a thematic data centre portal to provide useful information to the data centre industry, for example, land available for data centre use, power supply for data centres, ancillary measures on water cooling and energy efficiency, and so on. DCFU also works with relevant government departments on measures to address the unique operational requirements of data centres, for example, reducing the goods vehicle parking requirements, conversion of vacant parking spaces to transformer rooms where necessary, calculation of floor area for data halls with high headroom, and so on.

(iv) Providing one-stop support services — DCFU also provides one-stop support and advisory services to enterprises interested in setting up data centres in Hong Kong. Since its establishment, DCFU has handled over 350 enquiries from enterprises of various sizes within and outside Hong Kong.

We review the effectiveness of existing policies and measures from time to time, and introduce continuous improvements in light of feedback from the data centre industry, so as to foster an environment conducive to the development of data centres. We have no plan to develop data centre park.

**Problem of Foreign Domestic Helpers Being Abused**

13. **MS EMILY LAU** (in Chinese): *President, regarding the problem of foreign domestic helpers (FDHs) being abused by their employers or family members of their employers, will the Executive Authorities inform this Council:*

*(1) of the total number of FDHs granted employment visas to work in Hong Kong in the past three years, with a breakdown by their nationality;*

*(2) of the total number of complaints or requests for assistance received by the authorities in the past three years involving FDHs being subjected to violence by their employers or family members of their employers; among these cases, of the respective numbers of those which were (i) initiated by the FDHs concerned, (ii) referred by intermediaries, and (iii) referred by other persons;*

*(3) of the total number of cases, in which prosecutions were instituted by the authorities in the past three years, that involved FDHs being subjected to violence by their employers or family members of their employers; the respective numbers of employers and other persons involved, as well as the penalties imposed by the Court on the convicted persons;*

*(4) of the existing legislation and measures in place to protect the personal safety of FDHs; the new measures the authorities have put in place for protection of FDHs since the occurrence of an incident early last year in which an FDH was allegedly abused by her employer, which aroused wide public concern, together with the details of such measures; and*

*(5) as the authorities indicated in February last year that the Labour Department was considering how best to strengthen the present licensing mechanism for employment agencies placing FDHs with a view to enhancing the protection of the interests of both employers and FDHs, of the progress of such efforts?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President, my reply to the question raised by Ms Emily LAU is as follows:

(1) According to statistics provided by the Immigration Department (ImmD), the numbers of employment visas approved for foreign domestic helpers (FDHs) with breakdown by nationality in the past three years were as follows:

| *Nationality* | *2012* | *2013* | *2014* |
|---|---|---|---|
| Philippines | 52 243<br>(50.9%) | 48 808<br>(51.3%) | 49 029<br>(51.6%) |
| Indonesia | 48 011<br>(46.8%) | 43 558<br>(45.8%) | 42 915<br>(45.2%) |
| Thailand | 765<br>(0.8%) | 649<br>(0.7%) | 684<br>(0.7%) |
| India | 964<br>(0.9%) | 1 005<br>(1.1%) | 1 066<br>(1.1%) |
| Sri Lanka | 544<br>(0.5%) | 565<br>(0.6%) | 488<br>(0.5%) |
| Others | 54<br>(0.1%) | 472<br>(0.5%) | 878<br>(0.9%) |
| Total | 102 581 | 95 057 | 95 060 |

(2) The Police and the ImmD do not maintain the relevant statistics.

(3) In 2012, 2013 and 2014, the Police received respectively 40, 37 and 38 reports of wounding and serious assault cases involving FDHs being attacked by their employers. The Police also received respectively 60, 64 and 57 reports of wounding and serious assault cases involving FDHs being attacked by people other than their employers between 2012 and 2014. The Government does not maintain statistics on the relevant sentencing outcome.

(4) The personal safety of any person in Hong Kong (including FDHs) is protected by law. Inflicting bodily harm is a very serious offence. Any person who is charged with "shooting or attempting to shoot, or wounding or striking with intent to do grievous bodily harm" under section 17 of the Offences Against the Person Ordinance (Cap. 212)

shall be subject to a maximum penalty of life imprisonment. Besides, any person who is charged with "wounding or inflicting grievous bodily harm" under section 19 of the above Ordinance shall be liable to imprisonment for three years. FDHs who are abused or assaulted by their employers are advised to contact the Police and report any unlawful acts as soon as possible.

If an FDH has been criminally intimidated or abused and is required to remain in Hong Kong for assisting in investigation or acting as a witness, and so on, after the termination or expiry of his/her contract; or he/she is awaiting the hearing of Labour Tribunal or Minor Employment Claims Adjudication Board owing to a labour dispute, the ImmD may, based on individual merits, exercise discretion to allow him/her to extend his/her stay in Hong Kong as a visitor. Also, these records will be kept and taken into account by the ImmD in considering any future applications for employment of FDHs by the employers. If the FDH wishes to continue to work in Hong Kong, he/she may apply for change of employer. The ImmD will assess his/her application in accordance with the current policy and procedures. If there is evidence that the FDH has been abused or exploited, or if there are other compassionate grounds, the ImmD may exercise discretion to approve the application for change of employer in Hong Kong.

The Labour Department (LD) has since last year stepped up publicity and educational efforts in this regard. Examples include placing advertisements in local Filipino and Indonesian newspapers regularly, screening new television and radio Announcement of Public Interest, staging more information kiosks at popular gathering places of FDHs as well as continuing to distribute information packs and pamphlets at the airport and various government offices, and so on, so as to raise the awareness of FDHs and employers of their respective rights and obligations. Furthermore, as past publicity efforts focused more on employment rights and benefits, the Government has since last year included information in its publicity and promotional material on how FDHs should handle situations of intrusion of personal safety and channels for seeking redress.

Furthermore, the LD has stepped up collaboration with the Consulate-Generals of FDH-exporting countries in Hong Kong (CGs). It has been joining the CGs' briefings for newly-arrived FDHs and their cultural events from time to time, and has established a liaison mechanism with these CGs for information sharing and co-ordination of the educational and publicity activities.

(5) For regulation of employment agencies (EAs), the LD has been conducting more frequent inspections to EAs and strengthened the liaison and information sharing with CGs of major FDH-exporting countries. In addition, the LD is preparing a Code of Practice for the industry, listing out acts that are allowed and those that should be avoided by EAs (for example, EAs should not be involved in the financial or loans affairs of FDHs) so as to strengthen the regulation of EAs. The Government aims to complete the drafting work within this year for consulting the industry and the public.

**Handling of Public Library Materials Returned**

14. **MR JAMES TO** (in Chinese): *President, it has been reported earlier that despite having returned the loaned materials to the public libraries (libraries/library) on time, a patron was still advised by the relevant library that she had failed to return the materials and she was even requested by library staff to provide a proof by completing a "Claimed Return Form" (CRF). Yet, the materials were later recovered in the libraries. The Leisure and Cultural Services Department subsequently explained that the library staff concerned had made an error in the procedure of handling the return of materials and had not successfully scanned the bar codes of the materials. As a result, the return procedure was not completed and the borrowing record in the library computer system was not updated. In this connection, will the Government inform this Council:*

*(1) of the number of library materials returned belatedly by patrons in each of the past three years, and its percentage in the total number of loaned materials;*

*(2) of the number of CRFs received by libraries from patrons in each of the past three years and, among them, the respective numbers of cases the materials involved in which were recovered later in libraries, returned by patrons and yet to be recovered (set out in a table);*

*(3) of the current procedure for handling cases of late return of materials; whether libraries will check if the materials concerned are inside their premises or have been mistakenly transferred to another library prior to approaching the patrons concerned; if they will check, of the relevant procedure; if not, the reasons for that;*

*(4) of the procedure adopted by libraries for handling CRFs; the number of days usually taken to complete the procedure (including checking if the materials concerned are inside their premises and notifying patrons on the outcome of the checking); the respective numbers of CRFs accepted and not accepted by libraries in each of the past three years, and the penalty imposed on those patrons whose CRF were not accepted by libraries;*

*(5) whether the authorities will review the manpower and computerized procedure for handling the return of materials by libraries, with a view to minimizing the chances of making errors (including ensuring the successful scanning of bar codes of returned materials and updating borrowing records in the computer system);*

*(6) whether the authorities will review the current checking procedure regarding the transfer of materials among libraries (e.g. ensuring the completion of the return procedure and updating borrowing records prior to transferring the materials reserved by readers to another library); and*

*(7) of the procedure for conducting the annual stock taking of materials by libraries and the results of such exercises conducted in each of the past three years (set out the relevant figures in a table)?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President, the reply to various parts of the question is as follows:

(1) The number of overdue library materials and its percentage in the total number of loan items in the past three years are as follows:

| *Year* | *Number of overdue library materials* | *Percentage in the total number of loan items* |
|---|---|---|
| 2012 | 3 380 000 | 6.03% |
| 2013 | 3 340 000 | 6.02% |
| 2014 | 3 210 000 | 6.07% |

(2) In the past three years, the number of Declaration of Claimed Return of Library Material (Declaration) received by public libraries from patrons, and the respective numbers of claimed return items recovered later in libraries, returned by patrons and not found are set out by year in the table below:

| *Year* | *Declarations completed* | | *Recovered in libraries* | *Returned by patrons* | *Not found* |
|---|---|---|---|---|---|
| | *Number of cases* | *Number of items* | *Number of items* | *Number of items* | *Number of items* |
| 2012 | 4 017 | 4 699 | 1 651 | 1 652 | 1 396 |
| 2013 | 3 998 | 4 620 | 1 628 | 1 628 | 1 364 |
| 2014 | 3 002 | 3 489 | 975 | 1 121 | 1 393 |

(3) If a loan item is not returned or renewed by the due date, the library computer system will issue an "overdue alert" to the patron on the day following the due date via email or mobile application. An "overdue notice" will be sent to the patron by email or post on the 15th day after the due date. On the 45th day after the due date, a "final overdue notice" will be issued to the patron by post. Library staff will also call the patron on the 14th day after the issuance of the "final overdue notice" to follow up the case. As there are over 3 million overdue loan items per year, the Hong Kong Public Libraries (HKPL) cannot conduct manual checks on these loan items at each public library before the issuance of the above automatically

generated messages. However, if a patron finds incorrect record of loan items in his library account after receiving the overdue notice, he may contact library staff for immediate follow-up action.

(4) After receiving a Declaration, library staff will issue immediately an acknowledgement to the patron, which states that they will search the item within the library and reminds the patron to return the item to any public library once it is found. While the case is being processed, the borrowing limit of the patron will not be affected. According to the code of practice, the library staff will conduct the first search within two working days, then two searches per week in the first two weeks, one search each in the third and fourth week, followed by a search per month. If the item is recovered in the first two months, the patron will be notified when borrowing library materials at the library. The patron may also call the library or search the library catalogue/library website for an update of the case. If nothing is recovered by the library staff in the first two months, the library will notify the patron in writing of the progress and that it will continue to trace the item in the coming 10 months. The patron will be reminded again to return the item to any public library once it is found. The library staff will review the case and check the computer record to ascertain the updated position of the item each time before they conduct a regular search. If eventually the claimed return item cannot be recovered, it will be reported as a special item in the patron's library card record and the library will review the case and follow up as appropriate. If the patron's Declaration is determined as not to be accepted after investigation, the library will notify the patron in writing of the outcome and request him to pay the replacement cost and overdue fines for the unaccepted library item on the Declaration at any public library without delay.

The HKPL always counts on patrons to return library materials. Declarations submitted by patrons in 2012 and 2013 were all accepted, and only three Declarations were not accepted in 2014.

(5) Library staff are required to handle the return of library materials in accordance with the relevant working guidelines. To ensure service quality, the HKPL will strengthen staff training and recirculate the working guidelines among its staff regularly. Patrons can check their latest loan records through the library catalogue terminals in the library or on the Internet and inform the library staff for their immediate follow-up action in case of any problems. Also, the HKPL is examining the application of the Radio Frequency Identification (RFID) technology with a view to continuously enhancing the service quality of the libraries.

(6) The HKPL has a set of strict procedures for the transfer of materials among libraries. After loan items have been returned according to the procedures, the computer system will automatically update the loan record. The staff will then realize if the items have been reserved or belong to other libraries and take appropriate follow-up actions.

(7) A stocktaking exercise is conducted annually in all public libraries. Generally, the computer system will generate a stocktaking checklist for individual libraries by drawing a certain number of library materials from their library collection catalogues. All libraries are required to complete the exercise within one month. The number of library materials could not be located after the annual stocktaking exercise in the past three years is shown in the table below:

| *Year* | *Total number of the library materials that could not be located after stocktaking[Note] (item)* |
|---|---|
| 2012 | 216 |
| 2013 | 244 |
| 2014 | 243 |

Note:

Refers to items that could not be located according to the current stock record. The number of "not found" library materials in part (2) is not included.

**Assistance Provided for Students with Special Educational Needs**

15. **DR FERNANDO CHEUNG** (in Chinese): *President, some social workers have relayed to me that students with special educational needs (SEN) from low-income families have encountered much difficulties in receiving education and rehabilitation services. While these students need to receive different rehabilitation training and treatments, such services are hardly affordable to their families as they generally charge as high as several hundred dollars per hour. Moreover, the Government does not provide specialized social services for SEN students at present. In this connection, will the Government inform this Council:*

*(1) whether it has compiled statistics on the number of the aforesaid type of students; if it has, of a breakdown by type of SEN at present; if not, the reasons for that;*

*(2) whether it will provide targeted assistance measures for the aforesaid type of students, such as providing them with a one-off subsidy for procuring assessment and rehabilitation services from the private sector; if it will, of the details; if not, the reasons for that;*

*(3) given that in view of the positive comments received, the Social Welfare Department (SWD) has incorporated the "training subsidy for children who are on the waiting list of subvented pre-school rehabilitation services" implemented by the Community Care Fund into the regular assistance programme, whether the Government will consider expanding the target beneficiaries of such programme to cover the aforesaid type of students; and*

*(4) given that no specialized social services are provided by SWD for SEN students at present, and the services offered by non-governmental organizations (NGOs) on a self-financing basis are expensive and lack quality supervision, whether the Government has compiled statistics on the current quantity of such services, as well as the areas covered by such services; whether it will consider providing NGOs with recurrent subvention for the provision of such services?*

**SECRETARY FOR EDUCATION** (in Chinese): President, the question raised by Dr Fernando CHEUNG is related to the policy ambits of the Education Bureau and the Labour and Welfare Bureau. After consulting the other Bureau, I now provide answers as follows:

(1) As applications for subvented pre-school rehabilitation services are not subject to means test, the Social Welfare Department (SWD) has not collected any information on the number of children from low-income families who are using pre-school rehabilitation services and the income level of their families. Besides, as at December 2014, 1 056 children on the waiting list for subvented pre-school rehabilitation services were receiving training subsidy under the Training Subsidy Programme for Children on the Waiting List of Subvented Pre-school Rehabilitation Services (Training Subsidy Programme) for using the self-financing services run by non-governmental organizations (NGOs) while waiting for subvented pre-school rehabilitation services. Under the Training Subsidy Programme, the monthly income of the applicant child's family must not exceed 75% of the median monthly domestic household income applicable to the applicant's household size published by the Census and Statistics Department.

Likewise, the Education Bureau has been helping schools cater for the students with special educational needs (SEN) under the Whole School Approach through providing secondary and primary schools with additional resources, professional support and teacher training. The Education Bureau has not collected statistics about the students with SEN from low-income families.

(2) and (3)

Under the existing mechanism, the Department of Health, Hospital Authority, and the Education Bureau provide under their respective professional coverage, early identification and assessment services for students in need of such services. Pre-school children who have been assessed as having special needs will be provided with a series of subvented pre-school rehabilitation services by the SWD. The early education and training centres (EETCs) charge an annual fee of $146, while the special child care centres (SCCCs) a monthly fee of

$354 (covering lunch cost). There is no additional charge for the Integrated Programme (IP) in Kindergarten-cum-Child Care Centre. Besides, as mentioned in the reply in part (1), the Government also provides training subsidy for pre-school children from low-income families who are in need of rehabilitation services, so that they may use the self-financing services run by NGOs while they are on the waiting list for subvented pre-school rehabilitation services.

As far as secondary and primary schools are concerned, the schools will flexibly deploy their resources to appoint additional manpower and procure professional services (such as speech therapy and behavioral training, and so on) with a view to providing appropriate support for the students according to their needs. At the same time, schools need to monitor the quality of such services and apply the related strategies in daily teaching and learning activities accordingly. For the students whose families encounter financial difficulties, the Student Financial Assistance Agency (SFAA) provides various means-tested student financial schemes for financially needy students to meet various education-related expenses, to ensure that no student will be denied access to education due to lack of means. Specifically, the financial assistance provided by SFAA include "School Textbook Assistance Scheme", "Student Travel Subsidy Scheme", "Subsidy Scheme for Internet Access Charges", and "Examination Free Remission Scheme", all of which are applicable to secondary and primary students with financial needs and SEN. To strengthen the assistance to the financially needy SEN students in subsidizing their transport fees when travelling between home and school, the Government has, through the Community Care Fund (CCF), provided an extra 50% travel subsidy for SEN students studying in special schools in the 2013-2014 and 2014-2015 school years. The beneficiaries are Primary One to Secondary Six students who receive full-grant or half-grant assistance from the Student Travel Subsidy Scheme, and are from the special schools for the physically handicapped, visually impaired, hearing impaired, and intellectually disabled. Starting from the 2015-2016 school year, the Government will incorporate this CCF assistance scheme into the Government's regular assistance programme.

In short, the secondary and primary students with SEN who come from families with financial difficulties are provided with support under the existing policy and support measures. The Government has no plan to provide extra subsidies to them for procurement of assessment and rehabilitation services from the private sector.

(4) At present, while the SWD provides subvented pre-school rehabilitation services, NGOs have also developed self-financing rehabilitation services for pre-school children, providing another option for parents who can afford such services. The sector has been making adjustments to service charges and quality through benign competition in the market.

The Government allocated an additional annual recurrent funding of $53 million in 2014-2015 to regularize the Training Subsidy Programme under the Community Care Fund. A maximum subsidy of $2,763 per month is provided for each beneficiary who is waitlisted for the EETCs or the IP. For those who are waitlisted for the SCCCs or residential SCCCs, each beneficiary will be provided with a maximum subsidy of $3,867 per month.

NGOs participating in the Training Subsidy Programme must go through assessment and provide the beneficiary children with training/therapy services and individual assessment and/or family support services not lower than the required number of sessions. The SWD also requires the recognized service providers (RSPs) to submit quarterly service reports to confirm that they are providing the necessary services and their service quality is monitored by senior occupational therapist.

Please see Annex 1 for the distribution of self-financing pre-school rehabilitation services provided by the RSPs in Hong Kong under the Training Subsidy Programme. The SWD does not maintain information on the number and spatial distribution of self-financing service teams of NGOs which are not covered by the Training Subsidy Programme.

Annex 1

RSPs and Training Places for the Training Subsidy Programme
(By District)

| | *District* | *Number of RSPs* | *Training Places* |
|---|---|---|---|
| 1 | Central and Western District | 3 | 23 |
| 2 | Eastern District | 9 | 58 |
| 3 | Islands | 1 | 6 |
| 4 | Kowloon City | 10 | 56 |
| 5 | Kwai Chung | 3 | 18 |
| 6 | Kwun Tong | 15 | 178 |
| 7 | Ma On Shan | 1 | 10 |
| 8 | Mong Kok | 3 | 42 |
| 9 | North District | 5 | 86 |
| 10 | Sham Shui Po | 11 | 170 |
| 11 | Sha Tin | 11 | 132 |
| 12 | Southern District | 5 | 42 |
| 13 | Tai Po | 7 | 57 |
| 14 | Tin Shui Wai | 5 | 47 |
| 15 | Tseung Kwan O | 7 | 37 |
| 16 | Tsing Yi | 3 | 18 |
| 17 | Tsuen Wan | 6 | 64 |
| 18 | Tuen Mun | 10 | 57 |
| 19 | Wan Chai | 10 | 86 |
| 20 | Wong Tai Sin | 14 | 128 |
| 21 | Yau Mai Tei | 5 | 61 |
| 22 | Yuen Long | 4 | 46 |
| | Total | 148 | 1 422 |

**Salary and Fringe Benefits of Police Officers**

16. **MR PAUL TSE** (in Chinese): *President, some police officers at the rank-and-file level have relayed to me that due to a shortfall of departmental quarters (DQ), their waiting time for quarters is getting longer and longer. On the other hand, during the Occupy Central movement, since many police officers had to be on duty for long hours around-the-clock, it was difficult for them to return to their quarters for a rest. Moreover, they have pointed out that while*

*their entry pay point is higher than those of general clerical posts in the Government, clerical staff get promotions and pay increments faster than they do after joining the Civil Service, and the pay gap between the two shrinks with the increase in years of service. Regarding improvements to the salary and fringe benefits of police officers, will the Government inform this Council:*

*(1) whether the Civil Service Bureau (CSB) has assessed and reviewed the situation of police officers (particularly those at the rank-and-file level) having to wait for a long time for quarters due to the shortfall of DQ; if it has, of the outcome; the average and the longest waiting times for DQ at present; if not, whether it can conduct such an assessment and review immediately;*

*(2) given that during such time when police officers are handling unexpected incidents which last for a long period of time, it is difficult for them to return to their quarters which are far from their work locations for a rest, whether the authorities will consider, when constructing DQ in future, siting such quarters in the vicinity of police stations or operational planning locations (such as the Police Training School in Wong Chuk Hang) as far as possible, with a view to saving the time required for police officers to travel to and from the quarters, and affording them more rest time after work; and*

*(3) whether CSB is concerned about and has conducted a review of the aforesaid pay gap, and explored ways to maintain the gap between the remuneration packages of police officers at the rank-and-file level and those of clerical staff; if it has, of the outcome; if not, whether it can expeditiously conduct such a review?*

**SECRETARY FOR SECURITY** (in Chinese): President, in response to Mr Paul TSE's question, our reply is as follows:

(1) It is the Government's established policy to provide departmental quarters (DQs) to married disciplined services staff, subject to the availability of resources. The waiting time of DQs is affected by a number of factors, including the department's recruitment plans, the retirement situation of staff, marriage rate, the number of eligible staff, their housing preferences and whether they would claim the

other housing benefit schemes, and so on. The average waiting time of DQs of police staff at the officer level is around one year from the time they are eligible to apply for DQs. Police staff at the rank-and-file level are subject to relatively higher demand for DQs and their average waiting time is around four years.

In order to alleviate the shortfall of DQs, the Chief Executive announced in the 2014 Policy Address that the Government will expedite eight DQ projects for disciplined services departments (DSDs), aiming at providing more than 2 200 units by 2020. The distribution of DQs amongst DSDs will be subject to factors including the demand situation. Concerned departments will continue to closely keep in view the demand situation of DQs.

(2) As regards the identification of sites, DSDs will consider factors including the future demand and supply of DQs, operational needs, transportation facilities, community environment and others, and discuss with the Planning Department in search of suitable sites for the development of DQs.

For example, among the eight DQ projects of the 2014 Policy Address, the Police's "Junior Police Officers' Married Quarters at Fan Garden, Fanling" is in the vicinity of the Sheung Shui police station as well as Sheung Shui and Fanling train stations. Bus and minibus stops are also located nearby, which would facilitate the travelling to and from the quarters by police officers.

(3) The Civil Service Bureau has, through various channels, explained to the relevant police officers' associations that direct comparisons between the pay of the Police and other civil service grades may not be drawn. Relevant independent advisory or review committees have, at different junctures, reviewed this issue and drew the same conclusion. In particular, the Standing Committee on Disciplined Services Salaries and Conditions of Service clearly pointed out in the "Report on the Grade Structure Review of the Disciplined Services" completed in 2008 that, in view of the uniqueness of the role and nature of duties of the Police, the pay of the Police may not be determined by making comparisons with specific grades in the civil service.

The Government agrees with the views of the relevant committees and considers that the pay structure of the Junior Police Officer (JPO) grade may not be determined or altered by comparing it with the pay structure of other civil service grades (such as the Clerical Officer (CO) grade). In fact, because of the differences in their role and nature of duties, the pay structure, career progression, pay scales and fringe benefits of the JPO and CO grades are different. For instance, staff at the Police Constable rank of the JPO grade are eligible for four incremental jumps and four long service increments. Besides, the housing benefits, retirement benefits and other allowances of the two grades also differ. As such, comparing the remuneration packages of the two grades would be difficult.

**Development of Public Healthcare Services**

17. **MR WU CHI-WAI** (in Chinese): *President, regarding the development of public healthcare services, will the Government inform this Council:*

*(1) given that the Government said in reply to my question in October 2013 that the Hospital Authority (HA) would conduct service planning for the Kai Tak Hospital and was reviewing and assessing the overall demand-and-supply situation of healthcare services in Kowloon to facilitate planning work, whether it knows the latest progress of the two tasks (including the planning for the redevelopment of Our Lady of Maryknoll Hospital), and the anticipated earliest completion dates of the tasks;*

*(2) as this year's Policy Address has pointed out that upon completion of Phase 1 construction works, Kai Tak Hospital will houses an oncology centre, as well as in-patient and ambulatory services, of the other specialist out-patient and in-patient services which the Hospital will then provide, as well as the commencement dates of post-Phase 1 works and the number of phases by which such works will be carried out;*

*(3) as this year's Policy Address has pointed out that upon completion of the improvement works to barrier-free facilities in general out-patient clinics and acute hospitals at the end of last year, HA*

*will complete the improvement works in the remaining hospitals by the end of next year, whether it knows the details of the improvement works completed last year and those to be completed by the end of next year (including the locations of the clinics/hospitals with such facilities, types of the facilities, completion dates/anticipated completion dates and project estimates);*

*(4) as HA is planning to consolidate the facilities of HA and the Department of Health at the Robert Black General Out-patient Clinic in Wong Tai Sin, with a view to increasing its number of consultation rooms and out-patient service quota, whether the Government knows the latest progress of such work, and whether HA has any plan to conduct similar exercises in other clinics for the purpose of upgrading clinic facilities or service enhancement; if so, of the details (including the details of the clinics involved, work progress, project estimates, completion dates and services to be improved); and*

*(5) of the details of the works projects implemented so far since the Finance Committee of this Council approved in 2013 a one-off grant to HA for minor works projects, including the hospitals/clinics concerned, types of works projects, commencement/anticipated completion dates and estimates of such projects?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, the public healthcare sector is the cornerstone of Hong Kong's healthcare system and the safety net for all. The Government will uphold its firm commitment to public healthcare and sustain its investment for the sector's stable development. In view of the ageing population and growing healthcare demand, we will take measures to keep strengthening our healthcare services and increasing the service capacity to meet the long-term healthcare needs of Hong Kong.

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

(1) To better meet the long-term healthcare needs of Kowloon residents, the Hospital Authority (HA) is actively pursuing to re-plan the service provision for its three Kowloon hospital clusters in the light of the region's service demand and supply. It involves a review and assessment of the overall demand and supply of healthcare services

in Kowloon, and planning for clinical services based on analysis of the relevant needs of the region. The service planning mainly covers formulation of a healthcare service proposal for an acute general hospital to be developed in the Kai Tak Development Area (Kai Tak), and setting of the roles and future development directions of the existing hospitals in Kowloon.

The HA has completed the strategic planning and technical feasibility studies for the proposed acute general hospital in Kai Tak, and we will proceed with the development of this new hospital. When fully developed, the hospital will provide clinical services of major specialties, including accident and emergency (A&E) service. It will also house a state-of-the-art neuroscience centre to provide specialty services of neuroscience.

The HA's planning for healthcare services and facilities is based on the service supply and demand in a cluster as a whole, taking into account the roles and long-term development directions of the hospitals in the cluster as well as the co-ordination of their services and facilities. This is to ensure that the hospitals within the cluster will complement each other by performing their respective roles and provide the most appropriate healthcare services for the communities they serve.

For the redevelopment of Our Lady of Maryknoll Hospital, the HA's review and assessment of its long-term development directions have established that it should take the role of a non-acute hospital focusing on the provision of ambulatory healthcare services. The HA will plan the hospital's redevelopment along this line. It will also take into account stakeholders' views through consultation and update the project details with a view to redeveloping the hospital as soon as possible.

(2) Given its large scale, the construction of the new acute general hospital in Kai Tak will have to be carried out in phases. The first phase is expected to complete in 2021. According to the preliminary plan, Phase 1 of the new hospital will provide in-patient and oncology services, including ambulatory chemotherapy, surgery and radiotherapy.

The HA will continue to closely monitor and review the utilization and demand trend of individual healthcare services in the district. A detailed service plan for the new hospital and the direction of its future development will be worked out based on the service needs. The HA and relevant departments have started preparatory work for construction of the new hospital. Subject to the progress of the first phase, works of subsequent phases will duly commence.

(3) The HA started improvement works for its existing facilities in phases from 2011-2012 according to the design requirements set out in the Design Manual: Barrier Free Access 2008. The barrier-free access improvement works for a number of general out-patient clinics (GOPCs) and 16 public hospitals with A&E departments were completed in late 2014. Similar improvement works for the remaining hospitals and those works tied in with the renovation of GOPCs are expected to complete by the end of 2016. Cost estimates of the entire project will only be available after the detailed design of the remaining works has been finalized.

(4) To improve service quality, some GOPCs of the HA are undertaking interior renovation and facility enhancement to increase the number of consultation rooms and rationalize the patient flow. The planning and implementation of the renovation and facility enhancement are carefully designed and arranged according to the service demand, facility conditions and mode of operation of these GOPCs. Take Wong Tai Sin District as an example, the renovation of the East Kowloon GOPC completed in 2012 has provided new spaces for enhanced service for treatment of chronic diseases and provision of more consultation rooms to increase service capacity. The GOPC of Hong Kong Buddhist Hospital also has a larger number of consultation rooms and improved waiting environment for patients after renovation in 2011.

Regarding renovation of the Robert Black GOPC, as the clinic is situated inside a government building in the possession of the Department of Health, the HA is actively discussing with the department about space usage in the building. It is hoped that the clinic's services can be strengthened by optimizing the use of all the space in the building. The HA intends to increase the service

capacity of the clinic by setting up more consultation rooms and rationalizing the patient flow, and upgrade the facilities and improve the waiting environment for patients as far as practicable. If the proposal is adopted and further information is available, the HA will consult the District Council and the community concerned in due course.

(5) In 2014-2015, the HA has allocated $890 million from the one-off grant approved by the Legislative Council to fund about 1 180 ongoing and new minor projects. These projects include about 100 items for facility rejuvenation, 80 items for capacity enhancement, 40 items for safe engineering, 80 items for enhancement of universal accessibility and 880 items for regular maintenance and preparatory works for major capital projects. New projects which commenced in 2014-2015 mainly include renovation or improvement works for 33 hospital wards in different clusters, and refurbishment of five GOPCs. The HA plans to allocate about $1 billion in 2015-2016 to implement some 1 360 ongoing and new projects. These projects include 146 items for facility rejuvenation, 118 items for capacity enhancement, 71 items for safe engineering, 107 items for enhancement of universal accessibility and 917 items for regular maintenance and preparatory works for major capital projects.

**Reduction of Air Pollutant Emissions by Power Plants**

18. **MR CHAN HAK-KAN** (in Chinese): *President, the authorities have earlier conducted a review of the Third Technical Memorandum for Allocation of Emission Allowances for Power Plants. The focus of the review is to study, based on the electricity demand forecast of 2019, the measures that could be employed to introduce the best practicable means to further reduce the allowances on emission of the three specified air pollutants, namely sulphur dioxide, nitrogen oxides and respirable suspended particulates, by power plants. However, there are views that the Government's current practice of merely restricting the emissions of the three aforesaid air pollutants without control on carbon dioxide emissions by power plants is unsatisfactory. In this connection, will the Government inform this Council:*

*(1) as some green groups have pointed out that power plants create a considerable level of carbon emissions, whether the authorities have plans to regulate the carbon emissions from electricity generation by the power plants of the two power companies; if they have such plans, of the details; if not, the reasons for that;*

*(2) as energy efficiency maximization helps reduce greenhouse gas emissions, and the authorities have provided the two power companies with financial incentives in respect of energy saving and energy audits in order to incentivize them to enhance energy efficiency performance, whether the authorities will consider increasing such financial incentives and requiring the two power companies to set energy efficiency targets; if they will, of the details;*

*(3) as the authorities are currently providing economic incentives to the two power companies in terms of a higher permitted rate of return for their investment in renewable energy (RE) facilities, and an additional bonus in permitted return depending on the proportion of RE being used in their electricity generation, whether the authorities have considered increasing such economic incentives so as to encourage the two power companies to use more RE in electricity generation; if they have considered, of the details; if not, the reasons for that; and*

*(4) as buildings account for about 90% of electricity consumption in Hong Kong at present, and the Buildings Energy Efficiency Ordinance (Cap. 610), which came into effect as late as 2012, only requires the major building service installations of new buildings as well as existing buildings undergoing major retrofitting to comply with the relevant energy efficiency standards, of the measures put in place by the Government to encourage the users and managers of existing buildings to use energy-efficient building service installations with a view to reducing greenhouse gas emissions, and whether it has conducted any review of the effectiveness of such measures; if it has, of the outcome?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President,

(1) In accordance with section 26G of the Air Pollution Control Ordinance (Cap. 311), the Secretary for the Environment shall allocate emission allowances for sulphur dioxide (SO2), nitrogen oxides (NOx) and respirable suspended particulates (RSP) for electricity generation plants by way of a technical memorandum for the purpose of improving the air quality. It does not cover carbon dioxide.

Since there is currently no mature and practicable technology that can reduce the emission of carbon dioxide (that is, carbon emission) from thermal power plants, it is a generally accepted international practice to increase the use of clean fuels such as natural gas and renewable energy (RE), and so on, and adopt energy-saving and emission-reducing measures to reduce carbon emission from electricity generation. In this context, we have required power plants to increase the share of clean fuels in electricity generation, and the share of natural gas in local electricity generation will increase from this year onwards. This measure will also reduce the emissions of air pollutants such as SO2, NOx and RSP as compared to coal-fired generation. We will continue to closely monitor the development of emission reduction and carbon reduction technologies relating to power generation with a view to evaluating their suitability for local application.

On the other hand, we proposed two options of future fuel mix for electricity generation for public consultation in March to June last year. One of them is to import more electricity through purchase from the Mainland power grid; another is to use more natural gas for local generation. Both options can help us achieve the pledged environmental targets, *viz* to reduce carbon intensity by 50% to 60% by 2020 when compared to 2005; and to reduce the emission of SO2, NOx and RSP by 35% to 75%, 20% to 30% and 15% to 40% respectively by 2020 when compared to 2010.

(2) and (3)

The current Scheme of Control Agreements (SCAs) signed between the Government and the two power companies provide the two power companies with financial incentives in respect of energy

saving and energy audits to encourage them to enhance energy efficiency performance. Regarding energy saving, the power companies are eligible for an incentive payment if they achieve specified targets in a particular year.

To promote the development of RE, the Government has provided economic incentives to the power companies under the SCAs in the form of a higher permitted rate of return for their investment in RE facilities, and an incentive adjustment in the permitted return depending on the extent to which RE is used in electricity generation.

The Government is conducting a review of the future development and the regulatory framework of the electricity market upon the expiry of the SCAs in 2018. When we consult the public on the future development and regulatory framework of the electricity market later this year, we will seek public views on the development and application of RE and energy efficiency, which can assist us in considering whether the mechanism to promote energy saving, energy audits and development of RE should be reviewed.

(4) To enhance building energy efficiency performance in Hong Kong, the Buildings Energy Efficiency Ordinance was fully implemented in September 2012. The Ordinance requires new buildings and existing buildings undergoing major retrofitting to comply with the energy efficiency standards and requirements specified in the Building Energy Code (BEC) in respect of air-conditioning, electrical, lift and escalator and lighting installations. All commercial buildings and commercial portion of composite buildings that were built before the commencement of the Ordinance are also required to conduct the first round of energy audits by batches before September 2016, and thereafter once every 10 years. The buildings are also required to display the energy audit form in a prominent position at the main entrance of the building. Energy audits are systematic assessments of the effectiveness of a building's energy system which could identify viable energy management opportunities in order to maximize the energy use of the building. For new buildings, the implementation of the Ordinance is expected to result in energy saving of 2.8 billion kilowatt-hour, and hence a reduction in carbon dioxide emission of about 1.96 million tones, in the first decade.

To enhance building energy efficiency, the Electrical and Mechanical Services Department (EMSD) has launched various publicity and education programmes since 2011 to help the public, building users, property management and relevant sectors understand the requirements of the Ordinance, including the Minimum Energy Efficiency Standards as set out in the BEC. As for public education, the EMSD has arranged over 110 seminars and briefing sessions for the building sector, registered energy assessors, property management officers, professional bodies as well as the business sector and general public. So far, more than 10 000 people have participated in the programmes. The EMSD has also visited schools, building owners and property management to promote the statutory requirements and environmental benefits of the Ordinance.

To further promote the importance of improving building energy efficiency, we have broadcasted Announcements in the Public Interest on television and radio, developed a dedicated website <www.beeo.emsd.gov.hk> and distributed pamphlets, flyers and posters about the Ordinance, in addition to publishing relevant featured articles in newspapers and periodicals to encourage different sectors of the community to comply with the Ordinance and to adopt energy efficient building services installations for improving the environmental performance of the buildings.

**Government's Requests for Internet Service Providers to Disclose or Remove Users' Information**

19. **MR CHARLES PETER MOK** (in Chinese): *President, according to the Transparency Report published biannually by Google, an Internet search-engine service provider, the Hong Kong Government made 359 requests to the company for disclosure of its users' information (requests for information disclosure) in the first half of 2014, but about half of such requests were not acceded to by the company. In addition, the Law Enforcement Requests Report published by Microsoft, a computer technology company, indicated that the company received 229 requests for information disclosure from the Hong Kong Government during the same period, and it provided part of its users' information in response to about 85% of such requests. In this connection, will the Government inform this Council:*

*(1) of the annual numbers of requests for information disclosure made by the Government to Internet service providers/Internet platforms/web sites (collectively referred to as "service providers") and the nature of the information sought (whether requests were made for providing metadata and/or content of communication) during the period from February 2011 to September 2014, with a breakdown by government department; if such information cannot be provided, of the reasons for that;*

*(2) of the annual numbers of requests made by the Government to service providers for removal of their users' information (requests for information removal) and the number of service providers involved during the period from February 2011 to September 2014, with a breakdown by government department; if such information cannot be provided, of the reasons for that;*

*(3) of the details of the requests for information disclosure made by the Government to service providers since October 2014, including:*

*(i) names and types of service providers,*
*(ii) total number of service providers,*
*(iii) dates on which the requests were made,*
*(iv) deadlines for processing the requests (irrespective of whether such requests were acceded to or not),*
*(v) types of requests made,*
*(vi) reasons for making the requests,*
*(vii) number of requests made,*
*(viii) number of requests made under a court order,*
*(ix) number of accounts involved,*
*(x) amount of information requested,*
*(xi) nature of information requested (whether requests were made for providing metadata and/or content of communication),*
*(xii) number of requests acceded to, and*
*(xiii) reasons given by service providers for not acceding to the requests,*

*with a tabulated breakdown by government department; if such information cannot be provided, of the reasons for that;*

*(4) of the details of the requests for information removal made by the Government to service providers since October 2014, including:*

*(i) names and types of service providers,*
*(ii) total number of service providers,*
*(iii) dates on which the requests were made,*
*(iv) deadlines for processing the requests (irrespective of whether such requests were acceded to or not),*
*(v) types of requests made,*
*(vi) reasons for making the requests,*
*(vii) number of requests made,*
*(viii) number of requests made under a court order,*
*(ix) number of accounts involved,*
*(x) amount of information requested for removal,*
*(xi) nature and details of information requested for removal,*
*(xii) number of requests acceded to, and*
*(xiii) reasons given by service providers for not acceding to the requests,*

*with a tabulated breakdown by government department; if such information cannot be provided, of the reasons for that;*

*(5) as a member of the public has relayed to me that he had enquired with certain government departments about the records on the requests they made to service providers for information disclosure/removal but such departments indicated that no such records were maintained, and it was not until he subsequently made further enquiries under the Code on Access to Information that he was provided with part of the information by the departments concerned, whether the authorities have reviewed the practices currently adopted by various government departments for maintaining these records; if they have reviewed, of the details; if not, the reasons for that; and*

*(6) whether it will consider (i) establishing a separate department dedicated to scrutinizing the procedures adopted by various government departments for making requests to service providers for information disclosure/removal, (ii) establishing a unified application system to facilitate the compilation of relevant statistics, and (iii) discussing and agreeing, before making the requests, with*

*service providers on whether the Government can make public the information on the service providers involved in such requests; if it will consider, of the details; if not, the reasons for that?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Chinese): President, regarding the six-part question, the Administration's reply is as follows:

(1) The annual numbers of requests for information disclosure made by the Government to service providers and the nature of information sought during the period from February 2011 to September 2014 are listed in Table 1.

(2) The annual numbers of requests made by the Government to service providers for removal of their users' information and the number of service providers involved during the period from February 2011 to September 2014 are listed in Table 2.

(3) Details of the requests for information disclosure made by the Government to service providers since October 2014 are listed in Table 3.

(4) Details of the requests for information removal made by the Government to service providers since October 2014 are listed in Table 4.

(5) When handling work-related records, government departments will retain the records in accordance with the guidelines stipulated in the Records Management Manual issued by the Government Records Service for future reference and as official evidence. The guidelines cover the creation, handling, custody, retention and disposal of records to ensure their proper management and protection. Since the guidelines are applicable to all work-related records, including the records on requests made by government departments to Internet service providers (ISPs), we do not think it is necessary to put in place separate handling procedures for such records.

(6) In carrying out their duties, the officers of individual government departments and law-enforcement agencies may request for information or co-operation from the relevant persons or organizations (including ISPs) as and when necessary in accordance with the laws, established procedures or guidelines related to their duties. Since the existing mechanism functions effectively, we do not think it is necessary to establish a separate department or put in place separate procedures.

Table 1

Annual numbers of requests for information disclosure made by the Government to service providers and the nature of the information sought during the period from February 2011 to September 2014

| *Government department* | *Year (From February 2011 to September 2014)* | *Number of requests* | *Nature of the information sought (whether requests were made for providing metadata and/or content of communication)* |
|---|---|---|---|
| Agriculture, Fisheries and Conservation Department | 2011 | 0 | - |
| | 2012 | 0 | - |
| | 2013 | 1 | Metadata |
| | 2014 | 0 | - |
| Companies Registry | 2011 | 0 | - |
| | 2012 | 3 | Metadata |
| | 2013 | 7 | Metadata |
| | 2014 | 1 | Metadata |
| Customs and Excise Department | 2011 | 562 | Metadata |
| | 2012 | 579 | Metadata |
| | 2013 | 881 | Metadata |
| | 2014 | 431 | Metadata |
| Hong Kong Police Force | 2011 | 4 073 | Metadata |
| | 2012 | 4 613 | Metadata |
| | 2013 | 4 389 | Metadata |
| | 2014 | 3 078 | Metadata |

| *Government department* | *Year (From February 2011 to September 2014)* | *Number of requests* | *Nature of the information sought (whether requests were made for providing metadata and/or content of communication)* |
|---|---|---|---|
| Inland Revenue Department[Note] | 2011 | 8 | Cannot be provided |
| | 2012 | 3 | Cannot be provided |
| | 2013 | 2 | Cannot be provided |
| | 2014 | 12 | Cannot be provided |
| Office of the Communications Authority | 2011 | 31 | Metadata |
| | 2012 | 42 | Metadata |
| | 2013 | 71 | Metadata |
| | 2014 | 55 | Metadata |

Note:

Except for the information provided herein, other information cannot be provided due to the secrecy provisions under the Business Registration Ordinance (Cap. 310) and the Inland Revenue Ordinance (Cap. 112).

Table 2

Annual numbers of requests for information removal made by the Government to service providers and the number of service providers involved during the period from February 2011 to September 2014

| *Government department* | *Year (From February 2011 to September 2014)* | *Number of requests* | *Number of service providers involved* |
|---|---|---|---|
| Agriculture, Fisheries and Conservation Department | 2011 | 0 | 0 |
| | 2012 | 1 | 1 |
| | 2013 | 1 | 1 |
| | 2014 | 0 | 0 |
| Customs and Excise Department | 2011 | 65 | 1 |
| | 2012 | 67 | 2 |
| | 2013 | 372 | 10 |
| | 2014 | 91 | 3 |

| *Government department* | *Year (From February 2011 to September 2014)* | *Number of requests* | *Number of service providers involved* |
|---|---|---|---|
| Department of Health — Chinese Medicine Division | 2011 | 5 | 1 |
| | 2012 | 18 | 2 |
| | 2013 | 60 | 8 |
| | 2014 | 64 | 6 |
| Department of Health — Drug Office | 2011 | 88 | 12 |
| | 2012 | 116 | 3 |
| | 2013 | 190 | 10 |
| | 2014 | 183 | 7 |
| Hong Kong Observatory | 2011 | 0 | 0 |
| | 2012 | 2 | 1 |
| | 2013 | 0 | 0 |
| | 2014 | 0 | 0 |
| Hong Kong Police Force | 2011 | 12 | Relevant statistics are not readily available |
| | 2012 | 23 | Relevant statistics are not readily available |
| | 2013 | 30 | Relevant statistics are not readily available |
| | 2014 | 29 | Relevant statistics are not readily available |
| Hongkong Post | 2011 | 0 | 0 |
| | 2012 | 0 | 0 |
| | 2013 | 1 | 1 |
| | 2014 | 0 | 0 |
| Lands Department | 2011 | 1 | 1 |
| | 2012 | 0 | 0 |
| | 2013 | 0 | 0 |
| | 2014 | 0 | 0 |
| Leisure and Cultural Services Department | 2011 | 0 | 0 |
| | 2012 | 0 | 0 |
| | 2013 | 1 | 1 |
| | 2014 | 8 | 4 |
| Office of the Communications Authority | 2011 | 3 | 3 |
| | 2012 | 1 | 1 |
| | 2013 | 2 | 2 |
| | 2014 | 0 | 0 |

Table 3

Details of the requests for information disclosure made by the Government to service providers since October 2014

| *Government Department* | *(i) Names[1] and types of service providers* | *(ii) Total number of service providers* | *(iii) Dates on which the requests were made* | *(iv) Deadlines for processing the requests (irrespective of whether such requests were acceded to or not)* | *(v) Types of requests made* | *(vi) Reasons for making the requests* | *(vii) Number of requests made* | *(viii) Number of requests made under a court order* | *(ix) Number of accounts involved* | *(x) Amount of information requested* | *(xi) Nature of information requested (whether requests were made for providing metadata and/or content of communication)* | *(xii) Number of requests acceded to* | *(xiii) Reasons given by service providers for not acceding to the requests* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Agriculture, Fisheries and Conservation Department | Internet platform | 1 | 26.11.2014 | 26.11.2014 | Request for personal particulars of the advertisers for prosecution purpose | To enforce the Public Health (Animals and Birds) (Animal Traders) Regulations (Cap. 139B) | 1 | 0 | 2 | 1 item | Metadata | 0 | No reason was provided |
| Customs and Excise Department | Local and foreign service providers | 15 | 1.10.2014 to 29.1.2015 | No deadline set | Request for users' information | Crime prevention and protection | 118 | 0 | 187 | 187 | Metadata | 118 | N/A |
| Home Affairs Department | Internet platform | 1 | 3.11.2014 | 21.11.2014 | Request for user's transaction record | Investigation of report of suspected unlicensed guesthouse operation | 1 | 0 | 1 | 1 item | Metadata | 0 | The service provider required the Licensing Authority to obtain such information in accordance with the legal process under the law of another country |

| *Government Department* | *(i) Names[1] and types of service providers* | *(ii) Total number of service providers* | *(iii) Dates on which the requests were made* | *(iv) Deadlines for processing the requests (irrespective of whether such requests were acceded to or not)* | *(v) Types of requests made* | *(vi) Reasons for making the requests* | *(vii) Number of requests made* | *(viii) Number of requests made under a court order* | *(ix) Number of accounts involved* | *(x) Amount of information requested* | *(xi) Nature of information requested (whether requests were made for providing metadata and/or content of communication)* | *(xii) Number of requests acceded to* | *(xiii) Reasons given by service providers for not acceding to the requests* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hong Kong Police Force | Local and foreign service providers | Relevant statistics are not readily available | 1.10.2014 to 29.1.2015 | No deadline set | Request for users' information | Crime prevention and detection — primarily involving technology crimes or crimes related to the use of the Internet. The Police handled a total of 2 431 cases of technology crimes from 1 October 2014 to 29 January 2015 | 1 156 | Relevant statistics are not readily available | 1 156[2] | 1 156[2] | Metadata | Partially | In some cases, user accounts or records that do not exist are involved, or the registered user or Internet Protocol address is not in Hong Kong. Under these circumstances, the service providers cannot provide the information. |

| *Government Department* | *(i) Names[1] and types of service providers* | *(ii) Total number of service providers* | *(iii) Dates on which the requests were made* | *(iv) Deadlines for processing the requests (irrespective of whether such requests were acceded to or not)* | *(v) Types of requests made* | *(vi) Reasons for making the requests* | *(vii) Number of requests made* | *(viii) Number of requests made under a court order* | *(ix) Number of accounts involved* | *(x) Amount of information requested* | *(xi) Nature of information requested (whether requests were made for providing metadata and/or content of communication)* | *(xii) Number of requests acceded to* | *(xiii) Reasons given by service providers for not acceding to the requests* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Inland Revenue Department[3] | Cannot be provided | 2 | Cannot be provided | Cannot be provided | Cannot be provided | To enforce the Business Registration Ordinance (Cap. 310) and the Inland Revenue Ordinance (Cap. 112) by requiring persons carrying on business through the Internet to register their businesses and pay profits tax | 24 | Cannot be provided | 24 | Cannot be provided | Cannot be provided | 20 (4 still in progress) | N/A |

| *Government Department* | *(i) Names[(1)] and types of service providers* | *(ii) Total number of service providers* | *(iii) Dates on which the requests were made* | *(iv) Deadlines for processing the requests (irrespective of whether such requests were acceded to or not)* | *(v) Types of requests made* | *(vi) Reasons for making the requests* | *(vii) Number of requests made* | *(viii) Number of requests made under a court order* | *(ix) Number of accounts involved* | *(x) Amount of information requested* | *(xi) Nature of information requested (whether requests were made for providing metadata and/or content of communication)* | *(xii) Number of requests acceded to* | *(xiii) Reasons given by service providers for not acceding to the requests* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Office of the Communications Authority | Internet service providers | 10 | 17.10.2014 to 19.1.2015 | Within two weeks after sending out the request | Request for registrants' information | Investigation under the Unsolicited Electronic Messages Ordinance (Cap. 593) | 17 | 0 | 17 | 17 items | Metadata | 17 | N/A |

Notes:

(1) Since the question involves the commercial information of a large number of service providers, it is rather impossible for the Government to obtain consent from all relevant organizations to disclose the required information. Hence, the names of individual service providers have not been made public.

(2) Each request corresponds to one item of information and one user account only.

(3) Except for the information provided herein, other information cannot be provided due to the secrecy provisions under the Business Registration Ordinance (Cap. 310) and the Inland Revenue Ordinance (Cap. 112).

Table 4

Details of the requests for information removal made by the Government to service providers since October 2014

| *Government Department* | *(i) Names[1] and types of service providers* | *(ii) Total number of service providers* | *(iii) Dates on which the requests were made* | *(iv) Deadlines for processing the requests (irrespective of whether such requests were acceded to or not)* | *(v) Types of requests made* | *(vi) Reasons for making the requests* | *(vii) Number of requests made* | *(viii) Number of requests made under a court order* | *(ix) Number of accounts involved* | *(x) Amount of information requested for removal* | *(xi) Nature and details of information requested for removal* | *(xii) Number of requests acceded to* | *(xiii) Reasons given by service providers for not acceding to the requests* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Agriculture, Fisheries and Conservation Department | Website | 1 | 15.12.2014 | No deadline set | Removal of user's thread on discussion forum | To enforce the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586) | 1 | 0 | 1 | 1 item | Discussion thread of suspected selling of endangered species without a licence | 1 | N/A |
| Civil Aid Service (CAS) | Website | 1 | 2.1.2015 | 20.1.2015 | Removal of information on a dedicated webpage | The name, logo, photos and texts of CAS were used on the webpage without CAS' consent | 1 | 0 | 1 | Information of a dedicated webpage | The name, logo, photos and texts of CAS | 1 | N/A |
| Customs and Excise Department | Local service providers | 3 | 1.10.2014 to 29.1.2015 | No deadline set | Removal of accounts or hyperlinks | Prevention of infringement offence | 42 | 0 | 45 | 45 items | Accounts or hyperlinks | 42 | N/A |

| *Government Department* | *(i) Names[1] and types of service providers* | *(ii) Total number of service providers* | *(iii) Dates on which the requests were made* | *(iv) Deadlines for processing the requests (irrespective of whether such requests were acceded to or not)* | *(v) Types of requests made* | *(vi) Reasons for making the requests* | *(vii) Number of requests made* | *(viii) Number of requests made under a court order* | *(ix) Number of accounts involved* | *(x) Amount of information requested for removal* | *(xi) Nature and details of information requested for removal* | *(xii) Number of requests acceded to* | *(xiii) Reasons given by service providers for not acceding to the requests* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Department of Health — Chinese Medicine Division | Internet platform/ website | 3 | 1.10.2014 to 29.1.2015 | No deadline set | Request for taking appropriate action against the hyperlinks which contain information on suspected auction or sale of Chinese herbal medicines without trader licence/ unregistered proprietary Chinese medicines | Suspected auction or sale of Chinese herbal medicines without trader licence/ unregistered proprietary Chinese medicines | 5 | 0 | 6 | 6 hyperlinks in total | Auction or sale information | 5 | N/A |

| *Government Department* | *(i) Names[1] and types of service providers* | *(ii) Total number of service providers* | *(iii) Dates on which the requests were made* | *(iv) Deadlines for processing the requests (irrespective of whether such requests were acceded to or not)* | *(v) Types of requests made* | *(vi) Reasons for making the requests* | *(vii) Number of requests made* | *(viii) Number of requests made under a court order* | *(ix) Number of accounts involved* | *(x) Amount of information requested for removal* | *(xi) Nature and details of information requested for removal* | *(xii) Number of requests acceded to* | *(xiii) Reasons given by service providers for not acceding to the requests* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Department of Health — Drug Office | Internet platform/ website | 6 | 1.10.2014 to 29.1.2015 | No deadline set | Request for taking appropriate action against the hyperlinks which contain information on suspected auction or sale of controlled or unregistered medicines | Suspected auction or sale of controlled or unregistered medicines | 73 | 0 | Relevant statistics are not readily available | 453 hyperlinks in total | Auction or sale information | 73 | N/A |

| *Government Department* | *(i) Names[1] and types of service providers* | *(ii) Total number of service providers* | *(iii) Dates on which the requests were made* | *(iv) Deadlines for processing the requests (irrespective of whether such requests were acceded to or not)* | *(v) Types of requests made* | *(vi) Reasons for making the requests* | *(vii) Number of requests made* | *(viii) Number of requests made under a court order* | *(ix) Number of accounts involved* | *(x) Amount of information requested for removal* | *(xi) Nature and details of information requested for removal* | *(xii) Number of requests acceded to* | *(xiii) Reasons given by service providers for not acceding to the requests* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hong Kong Police Force | Local and foreign service providers | Relevant statistics are not readily available | 1.10.2014 to 29.1.2015 | No deadline set | Removal of users' information | Crime prevention | 101 | Relevant statistics are not readily available | 101[2] | 101[2] | Mainly involving obscene articles, phishing websites[3] and accessing computer with criminal/ dishonest intent | Partially | Most of the organizations concerned removed the relevant information as requested by the Police. |

Notes:

(1) Since the question involves the commercial information of a large number of service providers, it is rather impossible for the Government to obtain consent from all relevant organizations to disclose the required information. Hence, the names of individual service providers have not been made public.

(2) Each request corresponds to one item of information and one user account only.

(3) Phishing websites are fake websites for stealing others' login name and password.

**Support Received on Campus by Tertiary Students with Special Educational Needs**

20. **DR KENNETH CHAN** (in Chinese): *President, the parent of a visually impaired student who was admitted to a local tertiary institution in September last year has sought my assistance recently, alleging that as the student has not yet been provided with adequate assistive devices by the institution concerned, he has to carry heavy assistive devices to the campus to attend classes every day. Regarding the support received on campus by tertiary students with special educational needs (SEN), will the Government inform this Council:*

*(1) whether it knows the current number of such tertiary students, with a breakdown by institution and type of SEN of the students;*

*(2) whether it will discuss with the University Grants Committee (UGC) and various tertiary institutions the formulation of a set of uniform guidelines on the provision of support for such students; if it will, of the details of the discussion and the work plan for formulating the guidelines; if not, the reasons for that;*

*(3) of the amount of relevant funding provided by the Government and UGC for the tertiary institutions in each of the past three years, with a breakdown by institution; whether it will consider improving the relevant funding policy, increasing the amount of such funding and providing funding to non-governmental organizations for provision of relevant support; if it will, of the details; if not, the reasons for that; and*

*(4) apart from providing financial support to tertiary institutions, whether it will consider setting up a unit under the Education Bureau to coordinate matters relating to the provision of support by tertiary institutions to such students; if it will, of the details and timetable; if not, the reasons for that?*

**SECRETARY FOR EDUCATION** (in Chinese): President, our reply to the above question is as follows:

(1) Based on the information supplied by various institutions, a breakdown of the numbers of students with special educational needs (SEN) pursuing full-time locally-accredited sub-degree and

undergraduate degree programmes in 2014-2015 academic year, by type of SEN, is set out at Annex 1. A breakdown of the numbers of SEN students pursuing publicly-funded full-time locally-accredited sub-degree and undergraduate degree programmes in 2014-2015 academic year is at Annex 2. As for SEN students pursuing self-financed full-time locally accredited sub-degree and undergraduate degree programmes, we do not provide the data in respect of individual institutions since quite a number of institutions of varying scales and with different facilities are involved and some of them are concerned about the publication and use of such data.

(2) In view of the diverse needs of post-secondary SEN students, we have been encouraging information sharing among the Government, institutions and related non-governmental organizations (NGOs), so that relevant guidelines, codes of practice and experience in relation to supporting various types of SEN students can be discussed, shared and disseminated. To address the needs expressed by institutions, the Education Bureau circulated a set of guidelines on "Support Services to Students with Specific Learning Disabilities in Hong Kong Tertiary Institutions", which was jointly compiled by the Hong Kong Society of Child Neurology & Developmental Paediatrics, the Hong Kong Association for Specific Learning Disabilities and 10 higher education institutions, to other post-secondary institutions in Hong Kong in March 2014. We will maintain contact with the institutions and related NGOs to promote information sharing among them.

(3) As far as institutions funded by the University Grants Committee (UGC) are concerned, since funding for SEN students is included in the Block Grant provided for individual institutions, UGC is not able to provide the actual amount of expenditure on support services for such students.

As for the provision for the Vocational Training Council (VTC), starting from the 2013-2014 financial year, an additional recurrent funding of $12 million is allocated to VTC each year for procuring equipment and learning aids necessary for SEN students, providing them with psychological and student counselling services, and enhancing the support for teaching and learning. Besides, VTC established a new Youth College (Youth College (Yeo Chei Man))

in the 2012-2013 academic year to provide dedicated support for SEN students and non-Chinese speaking students. The amounts of subvention granted by the Government for the operation of the Youth College (Yeo Chei Man) in the 2012-2013 and 2013-2014 academic years were about $15.50 million and $20.70 million respectively.

In addition, the Government made two separate injections of $20 million each, bringing the total to $40 million, into the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Education Fund in 2013 to establish scholarships to give recognition to deserving publicly-funded and self-financing post-secondary SEN students in the pursuit of academic and other excellence. About 100 SEN students pursuing full-time locally-accredited undergraduate and sub-degree programmes are awarded the scholarships every year.

To further promote the inclusive culture, UGC will provide a one-off special grant of $20 million in total for the eight UGC-funded institutions starting from 2015. The grant will be allocated on a pro-rata basis according to the number of SEN students admitted to individual institutions, so that institutions may implement additional measures to enhance their support services for SEN students. The funding scheme, which aims to foster an inclusive culture in the campus, will last for two years. Upon conclusion of the scheme, institutions are required to deploy resources from the Block Grant to continue with the provision of such measures.

(4) Post-secondary education institutions make special arrangements and provide support services according to the needs of SEN students. UGC and the Education Bureau have a role in, among others, maintaining liaison with UGC-funded and self-financing institutions to follow up on the provision of support by individual institutions for SEN students. The Education Bureau has also established a platform to organize workshops, seminars and sharing sessions as needed from time to time so as to facilitate information and experience sharing among the institutions in the provision of support for SEN students.

Annex 1

Number[(1)] of students with SEN[(2)] pursuing full-time locally-accredited sub-degree and undergraduate degree programmes in 2014-2015 academic year

| *Types of SEN* | *Sub-degree* | | | *Undergraduate degree* | | |
|---|---|---|---|---|---|---|
| | *Publicly -funded* | *Non-publicly -funded* | *Total* | *Publicly -funded* | *Non-publicly -funded* | *Total* |
| Specific learning disabilities | 73 | 48 | 121 | 23 | 13 | 36 |
| Intellectual disabilities[(3)] | 0 | 0 | 0 | 0 | 0 | 0 |
| Autism spectrum disorders | 26 | 14 | 40 | 8 | 7 | 15 |
| Attention deficit/hyperactivity disorder | 8 | 25 | 33 | 10 | 9 | 19 |
| Physical disability | 19 | 44 | 63 | 41 | 18 | 59 |
| Visual impairment | 4 | 24 | 28 | 36 | 17 | 53 |
| Hearing impairment | 23 | 42 | 65 | 82 | 37 | 119 |
| Speech and Language impairment | 10 | 6 | 16 | 5 | 6 | 11 |
| Others[(4)] | 43 | 55 | 98 | 98 | 47 | 145 |
| Total | 206 | 258 | 464 | 303 | 154 | 457 |

Notes:

(1) The number of SEN students pursuing UGC-funded programmes is a provisional figure.

(2) The number of SEN students is based on information as declared by individual students.

(3) There is no separate category for "intellectual disabilities" under the data collection of UGC-funded institutions. Students with such type of disability, if any, would be covered under "Others".

(4) Including students with multiple types of disabilities. Data presented may not reflect the difference in the classification of SEN types across institutions.

Annex 2

Number[(1)] of students with SEN[(2)] pursuing publicly-funded full-time locally-accredited sub-degree and undergraduate degree programmes in 2014-2015 academic year

| *Types of SEN[(3)]* | *Sub-degree* | *Undergraduate degree* |
|---|---|---|
| (i) City University of Hong Kong | | |
| Specific learning disabilities | 0 | 3 |
| Autism spectrum disorders | 0 | 0 |
| Attention deficit/hyperactivity disorder | 0 | 1 |
| Physical disability | 0 | 6 |
| Visual impairment | 0 | 5 |
| Hearing impairment | 1 | 5 |
| Speech and Language impairment | 0 | 0 |
| Others[(4)] | 1 | 11 |
| Total | 2 | 31 |
| (ii) Hong Kong Baptist University | | |
| Specific learning disabilities | 0 | 5 |
| Autism spectrum disorders | 0 | 0 |
| Attention deficit/hyperactivity disorder | 0 | 2 |
| Physical disability | 0 | 2 |
| Visual impairment | 0 | 5 |
| Hearing impairment | 0 | 16 |
| Speech and Language impairment | 0 | 0 |
| Others[(4)] | 0 | 10 |
| Total | 0 | 40 |
| (iii) Lingnan University | | |
| Specific learning disabilities | 0 | 0 |
| Autism spectrum disorders | 0 | 0 |
| Attention deficit/hyperactivity disorder | 0 | 0 |
| Physical disability | 0 | 2 |
| Visual impairment | 0 | 3 |
| Hearing impairment | 0 | 8 |
| Speech and Language impairment | 0 | 0 |
| Others[(4)] | 0 | 3 |
| Total | 0 | 16 |

| *Types of SEN*[3] | *Sub-degree* | *Undergraduate degree* |
|---|---|---|
| (iv) The Chinese University of Hong Kong | | |
| Specific learning disabilities | 0 | 9 |
| Autism spectrum disorders | 0 | 2 |
| Attention deficit/hyperactivity disorder | 0 | 4 |
| Physical disability | 0 | 15 |
| Visual impairment | 0 | 2 |
| Hearing impairment | 0 | 12 |
| Speech and Language impairment | 0 | 1 |
| Others[4] | 0 | 7 |
| Total | 0 | 52 |
| (v) The Hong Kong Institute of Education | | |
| Specific learning disabilities | 0 | 0 |
| Autism spectrum disorders | 0 | 0 |
| Attention deficit/hyperactivity disorder | 0 | 0 |
| Physical disability | 0 | 1 |
| Visual impairment | 0 | 3 |
| Hearing impairment | 0 | 5 |
| Speech and Language impairment | 0 | 0 |
| Others[4] | 0 | 4 |
| Total | 0 | 13 |
| (vi) The Hong Kong Polytechnic University | | |
| Specific learning disabilities | 0 | 0 |
| Autism spectrum disorders | 0 | 2 |
| Attention deficit/hyperactivity disorder | 0 | 0 |
| Physical disability | 2 | 5 |
| Visual impairment | 0 | 4 |
| Hearing impairment | 0 | 8 |
| Speech and Language impairment | 0 | 1 |
| Others[4] | 6 | 21 |
| Total | 8 | 41 |
| (vii) Hong Kong University of Science & Technology | | |
| Specific learning disabilities | 0 | 3 |
| Autism spectrum disorders | 0 | 2 |
| Attention deficit/hyperactivity disorder | 0 | 2 |
| Physical disability | 0 | 4 |
| Visual impairment | 0 | 5 |

| *Types of SEN*[3] | *Sub-degree* | *Undergraduate degree* |
|---|---|---|
| Hearing impairment | 0 | 5 |
| Speech and Language impairment | 0 | 3 |
| Others[4] | 0 | 15 |
| Total | 0 | 39 |
| (viii) University of Hong Kong | | |
| Specific learning disabilities | 0 | 3 |
| Autism spectrum disorders | 0 | 2 |
| Attention deficit/hyperactivity disorder | 0 | 1 |
| Physical disability | 0 | 6 |
| Visual impairment | 0 | 9 |
| Hearing impairment | 0 | 23 |
| Speech and Language impairment | 0 | 0 |
| Others[4] | 0 | 27 |
| Total | 0 | 71 |
| (ix) Vocational Training Council | | |
| Specific learning disabilities | 73 | - |
| Intellectual disabilities | 0 | - |
| Autism spectrum disorders | 26 | - |
| Attention deficit/hyperactivity disorder | 8 | - |
| Physical disability | 17 | - |
| Visual impairment | 4 | - |
| Hearing impairment | 22 | - |
| Speech and Language impairment | 10 | - |
| Others[4] | 36 | - |
| Total | 196 | - |

Notes:

(1) The number of SEN students pursuing UGC-funded programmes is a provisional figure.

(2) The number of SEN students is based on information as declared by individual students.

(3) There is no separate category for "intellectual disabilities" under the data collection of UGC-funded institutions. Students with such type of disability, if any, would be covered under "Others".

(4) Including students with multiple types of disabilities. Data presented may not reflect the difference in the classification of SEN types across institutions.

**Greening Projects for Buildings**

21. **MR KENNETH LEUNG** (in Chinese): *President, in recent years, the Government has been promoting the greening of buildings to save energy and reduce carbon emissions through enhancing the thermal insulation capability of buildings. Various government departments, statutory bodies and subvented organizations have also implemented greening projects for their buildings. In this connection, will the Government inform this Council:*

*(1) whether it has set effectiveness indicators in respect of the policies and measures for promoting the greening of buildings, and when such policies and measures were last revised;*

*(2) of the total size of the greened areas of the greening projects undertaken and completed by the aforesaid departments and organizations for their buildings in each of the past three years, and set out in a table, by the District Council (DC) districts where the buildings are located, the names of such buildings as well as the types of greening projects (e.g. roof greening and/or vertical greening, etc.) implemented and the sizes of the greened areas concerned;*

*(3) of the respective total expenditure, in each of the past three years, on the greening projects for the buildings of the aforesaid departments and organizations, with a breakdown of the expenses on the works, repair and maintenance, etc.;*

*(4) of the projected total size of greened areas to be provided by the greening projects that the aforesaid departments and organizations will undertake for their buildings in the next three years, and set out in a table, by the District Council (DC) districts where the buildings are located, the names of such buildings, as well as the types of greening projects (e.g. roof greening and/or vertical greening, etc.) to be implemented and the sizes of the greened areas concerned;*

*(5) of the reference standards adopted by the aforesaid departments and organizations when determining the sizes of the greened areas to be provided and the species of the plants to be planted under the various greening projects for their buildings, and whether it has*

*considered factors such as the air pollution indexes, carbon emissions and urban heat island effects in the districts where the buildings concerned are located; if so, of the details; if not, the reasons for that;*

*(6) of the irrigation systems for the plants currently used in the roof greening and/or vertical greening projects for the buildings under the aforesaid departments and organizations; whether the energy and water consumption of such irrigation systems have been measured; if so, of the details and the specific figures; if not, the reasons for that;*

*(7) whether the aforesaid departments and organizations have assessed the effectiveness of the various greening projects, including measuring, upon completion of such projects, the drop in carbon emissions and average indoor temperature of the buildings concerned, the amount of energy saved, as well as the effectiveness in improving the air quality of the surrounding areas; if so, of the details and the specific data obtained from such assessments; if not, the reasons for that; and*

*(8) whether, in order to tie in with the recommendation made in 2008 by the consultant of the Environmental Protection Department of the adoption of a carbon intensity reduction target of 50% to 60% by 2020 when compared with the 2005 level, the Government will review afresh the existing planning standards for greening projects for buildings, as well as the measures taken by government departments and statutory bodies for enhancing building energy efficiency, with a view to reducing carbon emissions; if so, of the details and the specific work to be carried out; if not, the reasons for that?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President, the consolidated replies of the Development Bureau and the Environment Bureau to the question are as follows:

(1) In respect of promoting greening in private buildings, the Buildings Department has since April 2011 implemented the Sustainable Building Design Guidelines. New building developments must

comply with the building design standards (including Site Coverage of Greenery) under the Guidelines as a pre-requisite for the granting of gross floor area concessions for green and amenity features.

As for Government buildings, Architectural Services Department (ArchSD) has been taking effective greening initiatives in enriching the landscape, enhancing energy performance of buildings and reducing the heat island effect. The ArchSD will include where practicable roof greening in new government buildings which have usable roof area, and encourage the management departments of existing government buildings to consider the development of green roofs whenever there are major works involving the roofs of the buildings. The ArchSD will also explore opportunities for vertical greening of new government buildings and encouraged the management departments of existing government buildings to consider implementing vertical greening whenever practicable. Furthermore, the Government has implemented two energy saving demonstration projects as planned to showcase the latest energy efficiency design and technology. The Sing Yin Secondary School at Choi Wan Road commenced operation in 2011. Another demonstration project involves the construction of the Trade and Industry Tower in the Kai Tak Development which is expected to complete within 2015. We expect that the Government's efforts will lead the private sector and encourage the private entities to improve the environmental performance of their buildings, so that we can work together to develop a green community and promote the development of a green economy.

(2) Information on roof greening and vertical greening of government buildings in the past three years is set out at Annex 1 and Annex 2.

(3) The total expenditure of completed greening projects of government buildings in the past three years is set out below:

| *Year* | *Roof Greening ($M)* | *Vertical Greening ($M)* |
|---|---|---|
| 2014 | 41.2 | 13 |
| 2013 | 41 | 4 |
| 2012 | 57.1 | 8 |

As roof greening and vertical greening are part and parcel of a building, the repair and maintenance costs are subsumed under the overall maintenance cost of the building, the Development Bureau does not have the breakdown of the expenses incurred.

(4) The number of government greening projects and the area involved in the next three years may change in tandem with the future developments of the projects. The estimated greening area in the next three years that has been worked out on the basis of available information is set out at Annex 3 and Annex 4.

(5) In the process of designing the greening areas of buildings and plant selection, works departments will take into account the design and works requirements of the project; environmental considerations (for example, soil quality, above and below ground space for growth, drainage, prevailing wind, microclimate and sunlight, impact on sightline and traffic, and so on); and characteristics of the plant species (for example, tolerance to drought, shade and toxicity, and so on). The greening plans will be implemented after matching the design and plant species on the basis of the principles of sustainability and planting "the right species in the right place".

(6) The ArchSD will provide the appropriate irrigation system including manual and automatic systems for completed greening and vertical greening projects, taking into account different factors such as the size of the greening area, types of plants, and the maintenance requirements of the management/maintenance department. The operation of irrigation facilities for greening area generally takes up a small portion of the total energy and water consumed by the building. The ArchSD does not collect information on the energy and water consumption of individual irrigation facility.

(7) The ArchSD completed the "Study on Green Roof Application in Hong Kong" in 2007. This study report mentions various benefits of green roof, including the environmental benefits such as improving air quality and reducing urban heat island effect; as well as the economic benefits such as enhancing building insulation and energy efficiency and extension of roof life. However, the ArchSD has not conducted specific assessment of each of the benefit brought about by greening in each individual project.

(8) About 90% of our electricity consumption is related to buildings, and such electricity consumption accounts for 60% of the greenhouse gas emissions in Hong Kong. Promotion of the environmental performance of buildings will bring about huge environmental benefits for our built environment. To lead by example, the Government has been promoting environmental protection in Government buildings. Since 2009, we have been implementing a target-based green performance framework for government buildings. It sets out specific targets for various aspects including energy efficiency, use of renewable energy, indoor air quality, waste management, water management, greenhouse gas reduction, and so on. We are reviewing the framework with a view to promoting further the environmental performance of buildings in Hong Kong. In respect of energy conservation, the Government has been leading by example by setting electricity saving targets. In 2009, we set a target of 5% saving in the total electricity consumption in government buildings from 2009-2010 to 2013-2014 under comparable operating conditions, using the electricity consumption in 2007-2008 as the baseline. The Government has already met the 5% electricity saving target in 2013-2014. Building on our experience, we set a new target of reducing further 5% of electricity consumption of government buildings in the next five years from 2015-2016 to 2019-2020 under comparable operating conditions, using the electricity consumption in 2013-2014 as the baseline. We will introduce a series of measures, including the conduct of energy audits for major government buildings with comparatively high annual electricity consumption and more electricity saving potential to identify energy management opportunities. Bureaux and departments will be invited to implement electricity saving measures and projects identified in the energy audits.

In respect of planning standards for greening projects for buildings, the Development Bureau has implemented standards and requirements on Site Coverage of Greenery for new government building projects and the methodology of measurement and calculation for the purpose of the required Site Coverage of Greenery since 2012. The minimum requirements on Site Coverage of Greenery include achieving a total Site Coverage of Greenery of 30% for site areas of 20 000 sq m or more and 20% for

site areas less than 20 000 sq m; and provide at-grade greenery area of at least half of the required Site Coverage of Greenery. Apart from the required minimum standards of Site Coverage of Greenery to be achieved, the Development Bureau also encourages departments to set a target, preferably 30% Site Coverage of Greenery for sites over 10 000 sq m as a planning or design parameter. The Development Bureau has no plan to review the standards and requirements concerned.

Annex 1: Summary of Building Projects with Roof Greening (RG) Completed (2012-2014)

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2014* | | | | |
| 1 | Eastern | Clementi Secondary School | Roof Greening | 920 |
| 2 | Kowloon City | Provision of Interception Facilities at Jordan Valley Box Culvert | Roof Greening | 2 430 |
| 3 | Kowloon City | Kai Tak Development — Stage 2 Infrastructure Works at North Apron Area | Roof Greening | 350 |
| 4 | North | Sheung Shui Government Secondary School | Roof Greening | 140 |
| 5 | North District | Fanling Government Secondary School | Roof Greening | 370 |
| 6 | Sai Kung | District Open Space, Sports Centre and Library in Area 74, Tseung Kwan O | Roof Greening | 1 900 |
| 7 | Sai Kung | Public rental housing development at Tseung Kwan O Area 65B (Yee Ming Estate) | Roof Greening | 3 290 |
| 8 | Sham Shui Po | Government Dockyard at Stonecutters Island | Roof Greening | 200 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2014* | | | | |
| 9 | Sham Shui Po | Design and Construction of Lai Chi Kok Transfer Scheme | Roof Greening | 3 940 |
| 10 | Sham Shui Po | Harbour Areas Treatment Scheme Stage 2A Upgrading Works at Stonecutters Island Sewage Treatment Works — Main Pumping Station, Sedimentation Tanks and Ancillary Facilities | Roof Greening | 500 |
| 11 | South District | Stanley Prison — Dog Kennel Complex | Roof Greening | 270 |
| 12 | Tai Po | Drainage Improvement Works in Shuen Wan, Tai Po | Roof Greening | 580 |
| 13 | Tuen Mun | Special school in Area 16, Tuen Mun, for students with physical disability | Roof Greening | 2 840 |
| 14 | Tuen Mun | Tuen Mun Western Trunk Sewerage | Roof Greening | 620 |
| 15 | Tuen Mun | Design, Build and Operate — Pillar Point Sewage Treatment Works | Roof Greening | 1 920 |
| 16 | Tuen Mun | Sludge Treatment Facilities | Roof Greening | 13 600 |
| 17 | Wong Tai Sin | Lung Cheung Government Secondary School | Roof Greening | 600 |
| 18 | Wong Tai Sin | Wong Tai Sin Government Primary School | Roof Greening | 80 |
| 19 | Wong Tai Sin | Tung Tau Cottage Area East (Mei Tung Estate) | Roof Greening | 470 |
| 20 | Yau Tsim Mong | Cheung Sha Wan Salt Water Pumping Station | Roof Greening | 300 |
| 21 | Yuen Long | Open Space in Area 117, Tin Shui Wai | Roof Greening | 630 |
| | | | Total area: | 35 950 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2013* | | | | |
| 1 | Central and Western | Transformation of the former police married quarters site on Hollywood Road into a creative industries landmark | Roof Greening | 500 |
| 2 | Eastern | Redevelopment of Victoria Park Swimming Pool Complex (Phase 1 Works — Site A) | Roof Greening | 620 |
| 3 | Islands | North Lantau Hospital, Phase 1 | Roof Greening | 2 980 |
| 4 | Islands | Reprovisioning of Lamma Island Police Post | Roof Greening | 50 |
| 5 | Kowloon City | Cruise terminal building and ancillary facilities for the Kai Tak cruise terminal development | Roof Greening | 13 430 |
| 6 | Kowloon City | Joint-user Complex at Bailey Street, To Kwa Wan Reclamation | Roof Greening | 440 |
| 7 | Kowloon City | Construction of an Annex Building at the Ko Shan Theatre | Roof Greening | 880 |
| 8 | Kowloon City | Kowloon City Sewage Pumping Station No. 1 | Roof Greening | 690 |
| 9 | Kowloon City | Kowloon City Sewage Pumping Station No. 2 | Roof Greening | 890 |
| 10 | Kowloon City | Construction of an Annex Building at the Ko Shan Theatre | Roof Greening | 880 |
| 11 | Kwai Tsing and Tsuen Wan | Tsuen Wan Drainage Tunnel — Green Roof at Intake 1, Intake 2 and Outfall | Roof Greening | 2 150 |
| 12 | Kwun Tong | Construction of fire station-cum-ambulance facility at Cheung Yip Street, Kowloon Bay | Roof Greening | 100 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2013* | | | | |
| 13 | North District | Joint-user Complex in Area 44, Fan Ling | Roof Greening | 220 |
| 14 | Sai Kung | Town park, indoor velodrome-cum-sports centre in Area 45, Tseung Kwan O | Roof Greening | 1 900 |
| 15 | Sha Tin | Sha Tin Government Primary School | Roof Greening | 70 |
| 16 | Sha Tin | Sha Tin Government Secondary School | Roof Greening | 70 |
| 17 | Sha Tin | Public rental housing at Ex-Shatin Married Quarter (Fung Wo Estate) | Roof Greening | 450 |
| 18 | Sham Shui Po | Kowloon Technical School | Roof Greening | 230 |
| 19 | Sham Shui Po | Public rental housing development at Sai Chuen Road | Roof Greening | 1 200 |
| 20 | South District | Upper Gymnasium Block at Aberdeen Police College | Roof Greening | 580 |
| 21 | Tai Po | Construction of Tai Po Sewage Treatment Works Stage 5 Phase 2B | Roof Greening | 270 |
| 22 | Tsuen Wan | Princess Alexandra Community Centre | Roof Greening | 60 |
| 23 | Tsuen Wan | Hoi Pa Street Government Primary School | Roof Greening | 70 |
| 24 | Tuen Mun | Public rental housing at Tuen Mun Area 18 (Lung Yat Estate) | Roof Greening | 920 |
| 25 | Wan Chai | Wan Chai Development Phase II, Engineering Works | Roof Greening | 100 |
| 26 | Yau Tsim Mong | Nullah Road Refuse Collection Point, Mongkok | Roof Greening | 70 |
| 27 | Yuen Long | Green Roofs for Ha Tsuen Sewage Pumping Station | Roof Greening | 300 |
| 28 | Yuen Long | Provision of Green Roofs for Ha Tsuen pumping Station | Roof Greening | 280 |
| | | | Total area: | 30 400 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2012* | | | | |
| 1 | Central and Western | High Court, Low Block | Roof Greening | 120 |
| 2 | Central and Western | Hong Kong City Hall — Low Block | Roof Greening | 180 |
| 3 | Islands | New Civil Aviation Department Headquarters | Roof Greening | 5 700 |
| 4 | Kowloon City | Redevelopment of Departmental Quarters for Customs and Excise Department at Tsing Chau Street and Lee Kung Street, Hung Hom | Roof Greening | 500 |
| 5 | Kowloon City | Landscaping and greening works at To Kwa Wan Preliminary Treatment Works | Roof Greening | 590 |
| 6 | Kowloon City | Kai Tak development — stage 1 advance infrastructure works for developments at the southern part of the former runway | Roof Greening | 40 |
| 7 | Kwai Tsing | Lai King Fire Services Workshop | Roof Greening | 110 |
| 8 | Kwai Tsing | Construction of rank and file quarters for Immigration Department at Wo Yi Hop Road, Kwai Chung | Roof Greening | 460 |
| 9 | Kwun Tong | Commercial Development at Yan Tong Ph. 4 (Domain) | Roof Greening | 510 |
| 10 | Kwun Tong | Public Rental Housing and Commercial Development East Harbour Crossing Phase 5 (Yau Lai Estate) and 6 (Yau Lai Shopping Centre) | Roof Greening | 3 630 |
| 11 | Kwun Tong | Redevelopment of Lower Ngau Tau Kok Estate Phase 1 and 7 | Roof Greening | 2 540 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2012* | | | | |
| 12 | Kwun Tong | Kwun Tong Police Station — Annex Block | Roof Greening | 270 |
| 13 | Kwun Tong | Sau Mau Ping Police Station | Roof Greening | 400 |
| 14 | North District | Extension of Man Kam To Food Inspection Facilities | Roof Greening | 320 |
| 15 | North District | Sheung Shui Divisional Police Headquarters | Roof Greening | 460 |
| 16 | North District | Re-provisioning of Wo Hop Shek Crematorium | Roof Greening | 1 323 |
| 17 | North District | Provision of Columbarium and Garden of Remembrance at Kiu Tau Road, Wo Hop Shek | Roof Greening | 4 560 |
| 18 | North District | Landscape and Greening Works at Shek Wu Hui sewage treatment works | Roof Greening | 1 830 |
| 19 | Sai Kung | Tseung Kwan O Complex in Area 44, Tseung Kwan O | Roof Greening | 550 |
| 20 | Sai Kung | Expansion of Tseung Kwan O Hospital | Roof Greening | 790 |
| 21 | Sai Kung | Tseung Kwan O Area 73B (Shin Ming Estate) | Roof Greening | 390 |
| 22 | Sha Tin | Landscaping and Greening Works at Sludge Thickening House and its extension at Shatin Sewage Treatment Works | Roof Greening | 820 |
| 23 | Sha Tin | Housing project in Shatin 4C Phase 4 (Mei Tin Estate) | Roof Greening | 450 |
| 24 | Sham Shui Po | Phoenix House | Roof Greening | 240 |
| 25 | Sham Shui Po | Landscaping and Greening Works at Cheung Sha Wan Sewage Pumping Station | Roof Greening | 430 |
| 26 | Sham Shui Po | Landscaping and Greening Works at Water Boat Dock Sewage Pumping Station | Roof Greening | 360 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2012* | | | | |
| 27 | Sham Shui Po | Redevelopment of Shek Kip Mei Phase 2 | Roof Greening | 470 |
| 28 | Sham Shui Po | Redevelopment of Shek Kip Mei Phase 5 | Roof Greening | 880 |
| 29 | South District | Secondary school at Aberdeen Reservoir Road, Aberdeen | Roof Greening | 40 |
| 30 | South District | Development of Aberdeen fire station-cum-ambulance depot | Roof Greening | 120 |
| 31 | South District | Hong Kong Southern District Government Primary School | Roof Greening | 260 |
| 32 | South District | Primary School at the Junction of Victoria Road and Pokfulam Road, Pok Fu Lam | Roof Greening | 340 |
| 33 | Tai Po | Roof at 12/F — North Regional Police Headquarter, Tai Po, N.T. | Roof Greening | 350 |
| 34 | Tai Po | Assembly Hall at Tai Po Government Primary School | Roof Greening | 490 |
| 35 | Tai Po | Roof at 3/F — Tai Po District Headquarters and Divisional Police Station | Roof Greening | 220 |
| 36 | Tai Po | Tai Po Tai Wo Road Sewage Pumping Station and Rising Mains | Roof Greening | 390 |
| 37 | Tai Po | Tai Yuen Sewage Pumping Station in Tai Po | Roof Greening | 320 |
| 38 | Tsuen Wan | Yau Kom Tau Water Treatment Works | Roof Greening | 850 |
| 39 | Tuen Mun | Swimming Pool Complex in Area 1 (San Wai Court), Tuen Mun | Roof Greening | 1 870 |
| 40 | Tuen Mun | Landscape and Greening Works at Siu Hong Sewage Pumping Station | Roof Greening | 300 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2012* | | | | |
| 41 | Wan Chai | Development of Government Helipad at the Hong Kong Convention and Exhibition Centre | Roof Greening | 20 |
| 42 | Wong Tai Sin | Public housing at Tung Tau Phase 9 (Tung Wui Estate) | Roof Greening | 450 |
| 43 | Yau Tsim Mong | Tong Mei Road Government Primary School | Roof Greening | 150 |
| 44 | Yuen Long | Sports Centre and Community Hall at Area 101, Tin Shui Wai | Roof Greening | 490 |
| 45 | Yuen Long | Village Sewerage at Wang Chau of Yuen Long | Roof Greening | 820 |
| 46 | Yuen Long | Yuen Long Police Station | Roof Greening | 150 |
| 47 | Yuen Long | Kau Hui pumping station compound in Yuen Long | Roof Greening | 500 |
| | | | Total area: | 37 053 |

Notes:

(1) The above are figures of government buildings. There is no greening works statistics of non-government buildings.

(2) Planting area figures are round-up to the nearest 10.

Annex 2: Summary of Building Projects with Vertical Greening (VG) Completed (2012-2014)

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2014* | | | | |
| 1 | Kowloon City | Construction of Local Open Space at Chung Yee Street, Kowloon City District | Vertical Greening | 170 |
| 2 | Kowloon City | Construction of an Annex Building at the Ko Shan Theatre | Vertical Greening | 410 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2014* | | | | |
| 3 | Kwun Tong | Redevelopment of Kwun Tong Swimming Pool Complex and Kwun Tong Recreation Ground | Vertical Greening | 190 |
| 4 | Kwun Tong | Provision of Interception Facilities at Jordan Valley Box Culvert | Vertical Greening | 160 |
| 5 | Sai Kung | District Open Space, Sports Centre and Library in Area 74, Tseung Kwan O | Vertical Greening | 460 |
| 6 | Sai Kung | Public rental housing development at Tseung Kwan O Area 65B (Yee Ming Estate) | Vertical Greening | 320 |
| 7 | Sham Shui Po | Design and Construction of Lai Chi Kok Transfer Scheme | Vertical Greening | 60 |
| 8 | Tuen Mun | Special school in Area 16, Tuen Mun, for students with physical disability | Vertical Greening | 2 840 |
| 9 | Tuen Mun | Tuen Mun Western Trunk Sewerage | Vertical Greening | 70 |
| 10 | Tuen Mun | Design, Build and Operate — Pillar Point Sewage Treatment Works | Vertical Greening | 110 |
| 11 | Tuen Mun | Sludge Treatment Facilities | Vertical Greening | 4 000 |
| | | | Total area: | 8 790 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2013* | | | | |
| 1 | Central and Western | Transformation of the former police married quarters site on Hollywood Road into a creative industries landmark | Vertical Greening | 400 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2013* | | | | |
| 2 | Eastern | Redevelopment of Victoria Park Swimming Pool Complex (Phase 1 Works — Site A) | Vertical Greening | 100 |
| 3 | Eastern | Refurbishment of government primary school at Cloud View Road, North Point | Vertical Greening | 60 |
| 4 | Islands | North Lantau Hospital, Phase 1 | Vertical Greening | 1 000 |
| 5 | Kowloon City | Cruise terminal building and ancillary facilities for the Kai Tak cruise terminal development | Vertical Greening | 300 |
| 6 | Kowloon City | Joint-user Complex at Bailey Street, To Kwa Wan Reclamation | Vertical Greening | 1 100 |
| 7 | Kwai Tsing | Refurbishment of Wo Yi Hop Road Cooked Food Market | Vertical Greening | 10 |
| 8 | Kwun Tong | Construction of fire station-cum-ambulance facility at Cheung Yip Street, Kowloon Bay | Vertical Greening | 200 |
| 9 | Sha Tin | Public Rental Housing at Ex-Shatin Married Quarter (Fung Wo Estate) | Vertical Greening | 50 |
| 10 | Southern District | Beautification Works at Stanley Sewage Treatment Works | Vertical Greening | 400 |
| 11 | Tuen Mun | Tuen Mun River beautification — Tin Hau Temple Plaza | Vertical Greening | 10 |
| 12 | Tuen Mun | Public Rental Housing at Tuen Mun Area 18 — Lung Yat Estate | Vertical Greening | 220 |
| | | | Total area: | 3 850 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2012* | | | | |
| 1 | Central and Western | A Permanent Planning and Infrastructure Exhibition Gallery at City Hall Annex | Vertical Greening | 80 |
| 2 | Islands | New Civil Aviation Department Headquarters | Vertical Greening | 910 |
| 3 | Kowloon City | Redevelopment of Departmental Quarters for Customs and Excise Department at Tsing Chau Street and Lee Kung Street, Hung Hom | Vertical Greening | 300 |
| 4 | Kowloon City | Landscaping and greening works at To Kwa Wan Preliminary Treatment Works | Vertical Greening | 140 |
| 5 | Kowloon City | Kai Tak development — stage 1 advance infrastructure works for developments at the southern part of the former runway | Vertical Greening | 70 |
| 6 | Kwai Tsing | Construction of rank and file quarters for Immigration Department at Wo Yi Hop Road, Kwai Chung | Vertical Greening | 230 |
| 7 | Kwun Tong | Lam Tin North Municipal Services Building | Vertical Greening | 40 |
| 8 | Kwun Tong | Commercial Development at Yan Tong Ph. 4 (Domain) | Vertical Greening | 400 |
| 9 | North District | Re-provisioning of Wo Hop Shek Crematorium | Vertical Greening | 490 |
| 10 | North District | Provision of Columbarium Garden of Rememberance at Kiu Tau Road, Wo Hop Shek | Vertical Greening | 120 |
| 11 | Sai Kung | Tseung Kwan O Complex in Area 44, Tseung Kwan O | Vertical Greening | 100 |
| 12 | Sai Kung | Expansion of Tseung Kwan O Hospital | Vertical Greening | 80 |
| 13 | Sha Tin | Shatin 4C Phase 4 (Mei Tin Estate) | Vertical Greening | Not Available |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| *2012* | | | | |
| 14 | Sham Shui Po | Conversion of the secondary pool of the Lai Chi Kok Park Swimming Pool into an indoor heated pool | Vertical Greening | 60 |
| 15 | Sham Shui Po | Redevelopment of Shek Kip Mei Phase 2 | Vertical Greening | Not Available |
| 16 | Sham Shui Po | Redevelopment of Shek Kip Mei Phase 5 | Vertical Greening | Not Available |
| 17 | South District | Secondary school at Aberdeen Reservoir Road, Aberdeen | Vertical Greening | 40 |
| 18 | South District | Primary school at the Junction of Victoria Road and Pokfulam Road, Pok Fu Lam | Vertical Greening | 180 |
| 19 | South District | Development of Aberdeen fire station-cum-ambulance depot | Vertical Greening | 160 |
| 20 | South District | Greening works in Southern District | Vertical Greening | 160 |
| 21 | Tuen Mun | Swimming Pool Complex in Area 1 (San Wai Court), Tuen Mun | Vertical Greening | 220 |
| 22 | Wan Chai | Development of Government Helipad at the Hong Kong Convention and Exhibition Center | Vertical Greening | 0(1) |
| 23 | Wong Tai Sin | Refurbishment of Report Room at Wong Tai Sin Police Station | Vertical Greening | 30 |
| 24 | Wong Tai Sin | Public housing at Tung Tau Phase 9 (Tung Wui Estate) | Vertical Greening | 80 |
| | | | Total area: | 3 890 |

Notes:

(1) The above are figures of government buildings. There is no greening works statistics of non-government buildings.

(2) Planting area figures are round-up to the nearest 10.

Annex 3: Summary of Building Projects with Roof Greening (RG) In-progress (2015-2018)

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| 1 | Central and Western | Macau Ferry Terminal — outer pier | Roof Greening | 990 |
| 2 | Central and Western | Relocation of Part of the Offices of the Department of Justice to the Main and East Wings of the Former Central Government Offices | Roof Greening | 960 |
| 3 | Eastern | North Point Government Primary School — New Block | Roof Greening | 100 |
| 4 | Eastern | Reprovisioning of Cape Collinson Crematorium | Roof Greening | 1 100 |
| 5 | Eastern | Chai Wan Flatted Factory Estate (Wah Ha Estate) | Roof Greening | 1 250 |
| 6 | Islands | Hei Ling Chau Correctional Institution, 18C Workshop | Roof Greening | 120 |
| 7 | Kowloon City | Construction of Trade and Industry Tower in Kai Tak Development Area | Roof Greening | 1 200 |
| 8 | Kowloon City | Ma Tau Chung Fire Station | Roof Greening | 100 |
| 9 | Kowloon City | Perth Street Playground Management Office Block | Roof Greening | 80 |
| 10 | Kowloon City | A 30-Classroom Primary School at Kai Tak Development, Kowloon (Site 1A-4) | Roof Greening | 720 |
| 11 | Kowloon City | A 30-classroom Primary School at Kai Tak Development, Kowloon (Site 1A-3) | Roof Greening | 420 |
| 12 | Kowloon City | Kwei Chow Street Sitting-out-Area — Toilet Block | Roof Greening | 60 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| 13 | Kwai Tsing | Indoor Recreation Centre in Area 4, Tsing Yi | Roof Greening | 1 490 |
| 14 | Kwun Tong | Yau Tong Fire Station | Roof Greening | 110 |
| 15 | Kwun Tong | A Special School for Social Development for Girls at Choi Wan Road and Jordan Valley, Kwun Tong | Roof Greening | 480 |
| 16 | Kwun Tong | Housing Development at Lei Yue Mun Ph. 3B | Roof Greening | 600 |
| 17 | Kwun Tong | Anderson Road Site D (On Tat Estate) | Roof Greening | 5 610 |
| 18 | Kwun Tong | Anderson Road Site E (On Tat Estate) | Roof Greening | 5 070 |
| 19 | North District | Construction of an ambulance depot at Choi Shun Street, Sheung Shui | Roof Greening | 450 |
| 20 | North District | A 36-classroom primary school in Area 36, Fan Ling | Roof Greening | 330 |
| 21 | North District | Sheung Shui Area 36 West (Cheung Lung Wai Estate) | Roof Greening | 1 490 |
| 22 | Sai Kung | Landscaping and greening works at Tseung Kwan O preliminary treatment works — screens building and inlet pumping station | Roof Greening | 900 |
| 23 | Sai Kung | Construction of rank and file quarters for Customs and Excise Department at Yau Yue Wan Village Road, Tseung Kwan O | Roof Greening | 170 |
| 24 | Sha Tin | Sports centre, community hall and district library in Area 14B, Sha Tin | Roof Greening | 1 200 |
| 25 | Sha Tin | Sports centre in Area 24D, Sha Tin | Roof Greening | 520 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| 26 | Sha Tin | Shatin Area 52 (Shui Chuen O) Phase 1 | Roof Greening | 1 300 |
| 27 | Sham Shui Po | West Kowloon Law Courts Building | Roof Greening | 1 800 |
| 28 | Sham Shui Po | Open Space at Hing Wah Street West, Sham Shui Po | Roof Greening | 120 |
| 29 | Sham Shui Po | Upgrading Works at Stonecutters Island Sewage Treatment Facilities | Roof Greening | 990 |
| 30 | Sham Shui Po | Redevelopment of So Uk Estate Phase 1 | Roof Greening | 2 280 |
| 31 | Tai Po | Housing Development at Po Heung Street | Roof Greening | 80 |
| 32 | Tuen Mun | Construction of Sewage Pumping Station near Tsz Tin Road and Associated Sewage Works in Area 54, Tuen Mun | Roof Greening | Not Available |
| 33 | Tuen Mun | Government Complex in Area 14 (Siu Lun), Tuen Mun | Roof Greening | 1 000 |
| 34 | Tuen Mun | Redevelopment of disciplined services quarters in Fu Tei, Tuen Mun | Roof Greening | 190 |
| 35 | Tuen Mun | Upgrading of Pillar Point Sewage Treatment Works | Roof Greening | 240 |
| 36 | Wan Chai | Wan Chai Development Phase II (Roof greening at the Observation Deck of the Reprovisioned Wan Chai Ferry Pier and the new transformer building. Vertical greening at the new transformer building) | Roof Greening | 410 |
| 37 | Wan Chai | Happy Valley Underground Stormwater Storage Scheme | Roof Greening | 170 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| 38 | Yau Tsim Mong | Tai Kok Tsui Municipal Services Building | Roof Greening | 20 |
| 39 | Yau Tsim Mong | Mong Kok Fire Station | Roof Greening | 740 |
| 40 | Yau Tsim Mong | Mong Kok District Police Headquarters and Mong Kok Police Station | Roof Greening | 570 |
| 41 | Yuen Long | Public Library and Indoor Recreation Centre in Area 3, Yuen Long | Roof Greening | 1 600 |
| 42 | Yuen Long | Housing Development at Hung Shui Kiu Area 13 Phases 1 and 2 (Hung Fuk Estate) | Roof Greening | 4 630 |
| 43 | Yuen Long | Housing Development at Hung Shui Kiu Area 13 Phase 3 (Hung Fuk Estate) | Roof Greening | 1 640 |
| | | | Total area: | 43 300 |

Notes:

(1) The above are figures of government buildings. There is no greening works statistics of non-government buildings.

(2) Planting area figures are round-up to the nearest 10.

Annex 4: Summary of Building Projects with Vertical Greening (VG) In-progress (2015-2018)

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| 1 | Eastern | Relocation of the Printing Workshop of Government Logistics Department | Vertical Greening | 10 |
| 2 | Eastern | Redevelopment of Victoria Park Swimming Pool Complex (Site B) | Vertical Greening | 50 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| 3 | Eastern | Community Green Stations (HK East) | Vertical Greening | 10 |
| 4 | Eastern | Chai Wan Flatted Factory Estate (Wah Ha Estate) | Vertical Greening | 20 |
| 5 | Kowloon City | Construction of Trade and Industry Tower in Kai Tak Development Area | Vertical Greening | 670 |
| 6 | Kowloon City | A 30-Classroom Primary School at Kai Tak Development, Kowloon (Site 1A-4) | Vertical Greening | 190 |
| 7 | Kowloon City | A 30-classroom Primary School at Kai Tak Development, Kowloon (Site 1A-3) | Vertical Greening | 130 |
| 8 | Kowloon City | Two special schools at Site 5C-5, Kai Tak Development | Vertical Greening | 140 |
| 9 | Kwai Tsing | Indoor Recreation Centre in Area 4, Tsing Yi | Vertical Greening | 220 |
| 10 | Kwun Tong | Anderson Road Site D (On Tat Estate) | Vertical Greening | 220 |
| 11 | North District | Sheung Shui Area 36 West (Cheung Lung Wai Estate) | Vertical Greening | 70 |
| 12 | Sha Tin | Sports centre, community hall and district library in Area 14B, Sha Tin | Vertical Greening | 770 |
| 13 | Sha Tin | Community Green Stations (NT East) | Vertical Greening | 80 |
| 14 | Sha Tin | Shatin Area 52 (Shui Chuen O) Phase 1 | Vertical Greening | 130 |
| 15 | Sham Shui Po | Refurbishment of Cheung Shun Street Public Toilet | Vertical Greening | 20 |
| 16 | Sham Shui Po | West Kowloon Law Courts Building | Vertical Greening | 120 |

| *Serial Number* | *District* | *Project Title* | *Type of greening* | *Planting area (sq m)* |
|---|---|---|---|---|
| 17 | Sham Shui Po | Kowloon Technical School | Vertical Greening | 280 |
| 18 | Sham Shui Po | Refurbishment of Tai Nan Street Public Toilet cum Bathhouse | Vertical Greening | 50 |
| 19 | Sham Shui Po | Open Space at Hing Wah Street West, Sham Shui Po | Vertical Greening | 1 430 |
| 20 | Sham Shui Po | Redevelopment of So Uk Estate Phase 1 | Vertical Greening | 130 |
| 21 | Tai Po | Housing Development at Po Heung Street | Vertical Greening | 30 |
| 22 | Tuen Mun | Government Complex in Area 14 (Siu Lun), Tuen Mun | Vertical Greening | 320 |
| 23 | Tuen Mun | Construction of Sewage Pumping Station near Tsz Tin Road and Associated Sewage Works in Area 54, Tuen Mun | Vertical Greening | Not Available |
| 24 | Wan Chai | Wan Chai Development Phase II (Roof greening at the Observation Deck of the Reprovisioned Wan Chai Ferry Pier and the new transformer building. Vertical greening at the new transformer building) | Vertical Greening | 40 |
| 25 | Wan Chai | Happy Valley Underground Stormwater Storage Scheme | Vertical Greening | 80 |
| | | | Total area: | 5 210 |

Notes:

(1) The above are figures of government buildings. There is no greening works statistics of non-government buildings.

(2) Planting area figures are round-up to the nearest 10.

**Regulation of Ivory Possession and Trade**

22. **DR ELIZABETH QUAT**: *President, the international trade in ivory has been banned by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) since 1990. Ivory legally imported before the ban (pre-Convention ivory) may not be re-exported for commercial purposes, but may be traded locally in Hong Kong if they have been registered with the Agriculture, Fisheries and Conservation Department (AFCD) and are kept under a valid Licence to Possess (Possession Licence) issued by AFCD. According to a recent study carried out by leading elephant experts, 100 000 elephants in Africa were illegally killed for their ivory tusks between 2010 and 2012. If nothing is done, the African elephant species might become extinct within our lifetime. According to media reports, Hong Kong has been highlighted time and again as an important transit and consumption hub for illegal ivory, and the legal ivory trade is cloaking a parallel illegal trade in ivory poached from illegally killed African elephants. Wildlife conservation groups have called for the Government to review and reform its licensing and control system on ivory possession and trade. In this connection, will the Government inform this Council:*

*(1) given that the Government decided in 2014 to dispose of the confiscated ivory in its stockpile by incineration in batches, of (i) the weight and the number of batches of ivory disposed of since 15 May 2014, (ii) the weight and the number of batches of ivory to be disposed of, and (iii) the anticipated completion date of the disposal of the entire stockpile;*

*(2) as some wildlife conservation groups have pointed out that a large quantity of small pieces of ivory (e.g. trinkets and jewelry) are on the local market but many of which have not been attached with certification, of AFCD's measures to ascertain if such ivory products come from pre-Convention stock rather than poached elephants; whether such measures include the employment of updated technology (including DNA analysis and bomb curve dating using radioactive isotopes); if they do not, of the reasons for that;*

*(3) whether it will consider raising the maximum penalty for ivory trafficking offences in sections 5 and 10 of the Protection of*

*Endangered Species of Animals and Plants Ordinance (Cap. 586), from imprisonment for two years and a fine of $5 million to imprisonment for six years and a fine of $15 million; if it will not, of the reasons for that;*

*(4) as the Director of Agriculture, Fisheries and Conservation indicated in his letter to me dated 22 August 2014 that from 2011 to 2013, 42 persons had been convicted of smuggling ivory, of the full details of such cases, including the names, ages and nationalities of the convicted persons, the provenance of the seized ivory, the destinations for the ivory, and the weight of ivory seized; if such information cannot be provided, of the reasons for that;*

*(5) as some wildlife conservation groups have pointed out that the quantity of registered ivory stock under Possession Licences in recent years should have decreased swiftly with the marked increase in the number of mainland visitors to Hong Kong, whether the Government will explore why the ivory stock barely moved from 116.5 to 117.1 tonnes between 2011 and 2013;*

*(6) of the weight of the registered ivory stock in each year between 1989 and 2014 and set out in a table the breakdown by (i) whether or not the ivory was pre-Convention ivory, (ii) whether or not the ivory was imported before elephant was listed in CITES Appendix I, and (iii) the purpose of transaction listed in the Possession Licence application form;*

*(7) as a wildlife conservation group has uncovered that over 20 shops in Hong Kong without Possession Licences illegally displayed ivory for sale in 2014, whether AFCD will immediately implement measures to curb these illegal activities, including (i) announcing a moratorium on all new Possession Licences, (ii) cancelling inactive Possession Licences, and (iii) removing "Commercial" from the list of "Codes for Purpose of Transaction" in the Possession Licence application form; if it will not, of the reasons for that;*

*(8) as a list of the retail stores and factories engaged in the processing and sale of ivory (with names and addresses) on the Mainland is posted on the web site of the relevant mainland authorities, which is updated biennially, whether AFCD will follow such practice and arrange to make public the current list of 447 holders of Possession Licences in Hong Kong together with their names and addresses, so that the media and wildlife conservation groups can better assist in uncovering illegal activities of ivory traders; and*

*(9) whether the Government will consider afresh imposing a comprehensive ban on all ivory sales in Hong Kong; if it will not, of the reasons for that?*

**SECRETARY FOR THE ENVIRONMENT**: President, the Government of the Hong Kong Special Administrative Region is committed to the protection of endangered species and implements the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) through vigorous enforcement of the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586) (the Ordinance), the local legislation that gives effect to CITES. The Agriculture, Fisheries and Conservation Department (AFCD) and Hong Kong Customs and Excise Department have been working closely to combat smuggling of elephant ivory.

Hong Kong has put in place a strict regulatory system to control the import, re-export and domestic sale of ivory under the Ordinance. The control regime in respect of trade in endangered species, including elephant ivory, is in line with CITES and is comparable to other countries.

The reply to the questions raised by the Member is as follows:

(1) Since May 2014, 11 batches of ivory totalling about 15 tonnes have been disposed of by incineration. The ivory disposal exercise is anticipated to be completed around mid-2015.

(2) In collaboration with an overseas forensic laboratory, the AFCD has provided samples of ivory from ivory seizures to the laboratory for DNA testing to trace the origin of the ivory. We have also recently started exploring the feasibility of using new technology (for example, carbon dating for testing the "age" of ivory) to assist in our inspection and enforcement work.

(3) The maximum penalty for illegal import, export or possession of a highly endangered species, including elephants, for commercial purposes is a fine of $5 million and imprisonment for two years. The seized specimens will be automatically forfeited upon conviction. The penalty is considered appropriate and reflected the importance Hong Kong attached to combating illegal trade in endangered species.

(4) Given the wide range of information requested, we cannot list out the information in detail. In general, the penalty of the 42 convicted cases ranges from a fine of $2,500 to eight month imprisonment. The weight of the seize ivory varies from 0.8 kg to 102.8 kg. Such convicted cases involve ivory from different countries, the majority of which are ivory-generating places and to various cities in this region. We are seeking the advice of relevant departments on whether personal particulars and other details of offenders can be released.

(5) The international trade (that is, import and re-export) in ivory has been banned since 1990, and it is an offence for a tourist to re-export out of Hong Kong any ivory, except for pre-Convention ivory under licence, acquired in Hong Kong. There is no correlation between the quantity of registered ivory stock under Licences to Possess and the number of tourists to Hong Kong.

(6) The quantity of ivory which was imported legally and in compliance with CITES provisions into Hong Kong prior to the listing of African elephant in CITES Appendix I, and registered with AFCD for commercial purposes is shown in the table below:

| *Year* | *Quantity (tonnes)* |
|---|---|
| 1989# | 665 |
| 1990# | 463 |
| 1992# | 404 |
| 1994# | 345 |
| 1995# | 307 |
| 1996# | 286 |
| 1997# | 278 |
| 1998# | 268 |
| 1999# | 264 |
| 2000# | 261 |
| 2001# | 260 |
| 2002# | 260 |
| 2003# | 260 |
| 2004# | 236 |
| 2005# | 238 |
| 2006# | 237 |
| 2007# | 236 |
| 2008# | 232 |
| 2009@ | 177.9 |
| 2010@ | 121.1 |
| 2011@ | 116.5 |
| 2012@ | 118.7 |
| 2013@ | 117.1 |
| 2014@ | 111.3 |

Notes:

# The figures between 1989 and 2008 include some registered ivory for non-commercial purposes and some pre-convention ivory.

@ The figures between 2009 and 2014 cover ivory under Licences to Possess for commercial purposes, and exclude stock acquired prior to the listing of African elephant in CITES Appendix I but held for non-commercial purposes.

(7) to (9)

Applications for Licences to Possess ivory for commercial purposes are strictly scrutinized by AFCD in accordance with relevant CITES provisions. Having gone through the required vetting process, the concerned ivory is covered by Licences to Possess such that the related commercial trade within Hong Kong is allowed. This arrangement is in compliance with the CITES provisions and relevant guidelines. Hong Kong's control over domestic trading of ivory is comparable to other countries. We will continue our efforts on enforcing the CITES requirements and public education. There is currently no plan to ban all ivory trade.

As any person keeping ivory stock for commercial purposes is required under the Ordinance to apply for a Licence to Possess, it would not be appropriate to delete "commercial" from the list of "Codes for Purposes of Transaction" in the application form of Licence to Possess. That said, the AFCD would only issue Licences to Possess for ivory acquired in compliance with CITES provisions and registered in 1990.

The Government has also evaluated thoroughly the request of making public a list of holders of Licences to Possess for ivory and considered the existing regime to be effective in combating the illegal wildlife trade. The licensed keeping premises of endangered species are subject to inspection by officers of AFCD. Moreover, making public such a list would involve disclosure of personal information and those related to the business of the licensees, which is considered inappropriate. The disclosure of keeping premises of ivory, be it a shop or a storage place, may arouse security concern from the licensees. As such, it is not appropriate to make public a list of holders of Licences to Possess for ivory. At present, members of the public who suspect that someone is undergoing illegal trading activities in ivory could report to AFCD for investigation.

**BILLS**

**First Reading of Bills**

**PRESIDENT** (in Cantonese): Bill: First Reading.

**INTERCEPTION OF COMMUNICATIONS AND SURVEILLANCE (AMENDMENT) BILL 2015**

**CLERK** (in Cantonese): Interception of Communications and Surveillance (Amendment) Bill 2015.

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

**Second Reading of Bills**

**PRESIDENT** (in Cantonese): Bill: Second Reading.

**INTERCEPTION OF COMMUNICATIONS AND SURVEILLANCE (AMENDMENT) BILL 2015**

**SECRETARY FOR SECURITY** (in Cantonese): President, I move the Second Reading of the Interception of Communications and Surveillance (Amendment) Bill 2015 (the Bill).

*Regime of the Ordinance*

Interception of communications and covert surveillance operations are critical to the capacity of our law-enforcement agencies in combating serious crime and protecting public security. The Interception of Communications and Surveillance Ordinance (the Ordinance), enacted in August 2006, provides for a statutory regime for regulating the conduct of interception of communications and covert surveillance by law-enforcement agencies. It aims to strike a balance

between the need for prevention and detection of serious crimes and the protection of public security on the one hand and the need for safeguarding the privacy and other rights of individuals on the other.

Under the regime of the Ordinance, there is stringent control and monitoring at all the stages of the covert operations — from the law-enforcement agencies' initial application to the execution of the authorization, and throughout the oversight process. Under the Ordinance, a law-enforcement agency must obtain a prescribed authorization from a Panel Judge or a prescribed authorization as required, prior to any interception of communications or covert operations. All applications for prescribed authorizations must be for the purpose of preventing and detecting serious crime or protecting public security, and that the necessity and proportionality tests must be met before the relevant authority issues the respective authorization. The Commissioner on Interception of Communications and Surveillance (the Commissioner) is an independent oversight authority under the Ordinance. His main function is to oversee the compliance by the law-enforcement agencies with the relevant requirements of the Ordinance. The Ordinance provides that the Panel Judges who are responsible for vetting applications are sitting judges of the Court of First Instance of the High Court, and that the Commissioner must be a sitting or retired Judge of the High Court, or a retired permanent judge of the Court of Final Appeal.

The Ordinance has been put into operation for almost nine years. The operations conducted by law-enforcement agencies in accordance with the Ordinance have successfully arrested more than 2 800 persons and are crucial to combating serious crimes and safeguarding the public security in Hong Kong.

Having benefited from the valuable comments made by the two former Commissioners over the years, the implementation of the regime of the Ordinance has gradually been improved and its operation is becoming smooth. Law-enforcement agencies have developed a heightened sensitivity towards the protection of information subject to legal professional privilege and journalistic material. Law-enforcement officers' compliance with the Ordinance has also been greatly improved and any occasional mistakes made were attributable to their inadvertence or negligence.

In discharging his oversight function, the former Commissioner has made a number of recommendations to enhance the effectiveness of the regime of the Ordinance. For the majority of the recommendations, especially those which aim to improve on operational procedures and which do not require legislative amendments, we have already implemented them in the first instance and amended the Code of Practice as required. As to the recommendations which require legislative amendments, we have studied them carefully and have conducted consultation with the stakeholders.

*Purpose of the Bill*

The purpose of proposing the Bill today is to amend the Ordinance to implement the recommendation of the former Commissioner to provide an express power for the Commissioner to require the production of interception products and surveillance products (collectively "protected products") obtained under the Ordinance for the Commissioner's inspection, as well as to implement a number of technical proposals recommended by the former Commissioner to enhance the effectiveness of the regulatory regime under the Ordinance and the clarity of certain provisions in the Ordinance. All the proposals have been endorsed by the incumbent Commissioner and accepted by the authorities.

*Provision of power for the Commissioner to check protected products*

The provision of power for the Commissioner to check protected products is a key proposal of the current Bill. In his Annual Report 2008, the former Commissioner proposed to amend the Ordinance to require the preservation of interception products and their records by law-enforcement agencies, and that the Commissioner and his staff be given express power to check and listen to such products, including special cases, cases involving information subject to legal professional privilege or journalistic material (or a likelihood of obtaining such information or material), and other cases randomly selected by the Commissioner. In his Annual Report 2010, the former Commissioner further suggested the Commissioner and his staff be given not only the power to check and listen to inception products but also the express power to examine and listen to surveillance products, including those products which contain information subject to legal professional privilege, when necessary.

Section 53(1)(a) of the existing Ordinance sets out that for the purpose of performing any of the Commissioner's statutory functions, the Commissioner may require any public officer or any other person to provide any information, documents or other materials in his possession or control. However, the Ordinance has not expressly provided that the Commissioner may read the protected products. Section 59 sets out provisions on the preservation and destruction of protected products, but these provisions are not subject to the restrictions of Section 53(1).

According to Section 59 of the Ordinance, law-enforcement agencies should make arrangements to keep the scope of disclosure of protected products to a minimum. Furthermore, protected products should be destroyed as soon as their retention is no longer necessary for the relevant purpose of the prescribed authorization. If the protected products contain information subject to legal professional privilege and are obtained by telecommunications interception in accordance with the prescribed authorization, they have to be destroyed as soon as reasonably practicable.

We can see from the above that it has all along been the policy of the authorities to minimize the disclosure of protected products and this is absolutely necessary for combating serious crimes and protecting public security. Any proposed amendment to the Ordinance, if it gives express power to the Commissioner to read protected products, including those which contain or may contain information subject to legal professional privilege, has to strike a balance between the need for safeguarding privacy and the right to confidential legal advice on the one hand and the need for facilitating the Commissioner in discharging his oversight function on the other.

Our proposed amendments have taken into consideration the comments of all major stakeholders which include the Commissioner, Panel Judges, legal professional bodies, journalists' associations and the Privacy Commissioner for Personal Data. In general, they welcomed the proposals to enhance the Commissioner's oversight function and empower the Commissioner to check the protected products. Some stakeholders pointed out that safeguards should be put in place to ensure that intrusion to personal data privacy, resulting from the exercise of extended power, is justified and kept to the minimum necessary.

In his Annual Report 2011, the former Commissioner noted that while the checking of relevant products by the Commissioner and his staff would cause added intrusion to the subject's rights, the purpose was to ensure that the law-enforcement officers had done nothing wrong in the conduct of interception or covert surveillance against the subject. He considered that this was for protecting the subject's and the public's rights rather than undermining them. In terms of security measures, the former Commissioner indicated that the security risk would be minimized if the interception and surveillance products were preserved and deposited at the premises of the law-enforcement agencies. The Commissioner can make a request to examine interception and surveillance products within the premises of the law-enforcement agencies. Upon completion of examination, the Commissioner will let the agencies destroy the relevant information. As for the Commissioner or his designated staff's responsibilities in safeguarding the protected products given to them and in ensuring the adherence to relevant arrangements and internal guidelines, the former Commissioner held that the Commissioner could issue disciplinary guidelines for the designated staff to follow.

The incumbent Commissioner agreed that measures for checking protected products were extremely important and he supported them. The Commissioner considered this proposal a deterrent to anyone who intended to contravene the provisions of the Ordinance. We have also reflected the comments of the other stakeholders to the incumbent Commissioner. We understand that if the Bill is passed, the Commissioner will take appropriate security and oversight measures when implementing the relevant checking arrangements so as to ensure the confidentiality of information and to prevent the risk of unauthorized access or disclosure.

Summing up the various deliberations above, we suggested setting out clearly in the Ordinance that for the purpose of performing the Commissioner's statutory functions, the Commissioner may require any public officer or any other person to provide "any protected products" in his possession or control, including those cases involving information subject to or may subject to legal professional privilege. We also suggested stipulating specifically the Commissioner's right to delegate his power of checking protected products to staff who work in his office and report to him. Furthermore, the head of a law-enforcement agency must make arrangements to ensure that a protected product that is no longer required by the Commissioner after checking will be destroyed as soon as its retention is no longer necessary for the relevant purpose of the prescribed authorization and

for the purpose of enabling compliance with any further requirement of the Commissioner.

*Other technical proposals*

The authorities have also raised in the Bill some more technical amendments, including the technically "unauthorized" operations resulting from the time gap between the revocation of a prescribed authorization by the relevant authority and the actual discontinuance of operation by the law-enforcement agency, the arrangement for partial revocation of prescribed authorizations, additional grounds for revoking prescribed authorizations, the arrangement for revocation of device retrieval warrants, the requirement to report non-compliance to the Commissioner, amendments to clarify the meaning of a few provisions and so on. These technical amendments as raised by the former Commissioner help to optimize the operation of the Ordinance's regime.

*Conclusions*

President, we have in the 2 July 2013 meeting of the Legislative Council Panel on Security provided a briefing of the relevant legislative proposals for the members. Members have expressed their wish for the authorities' early introduction of the Bill to the Legislative Council for scrutiny, so as to let the Commissioner check the protected products without undue delay. The wish is also shared by the authorities and the Commissioner. We hope the Honourable Members will support the scrutiny of the Bill in the next stage and let the Bill be passed expeditiously, so that the Commissioner can implement the checking arrangements as soon as possible for the purpose of reinforcing the effectiveness of the oversight by the Commissioner of law-enforcement agencies' compliance with the Ordinance.

President, I so submit.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the Interception of Communications and Surveillance (Amendment) Bill 2015 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.

## MEMBERS' MOTIONS

**PRESIDENT** (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2015 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2015, which were laid on the table of this Council on 21 January 2015.

I now call upon Dr CHIANG Lai-wan to speak and move the motion.

## PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

**DR CHIANG LAI-WAN** (in Cantonese): President, in my capacity as Chairman of the Subcommittee, I move the motion under my name as printed on the Agenda.

At the House Committee meeting on 23 January 2015, Members formed a subcommittee to study the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2015 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2015 submitted to the Legislative Council on 21 January 2015. To allow time for the Subcommittee to study these two items of subsidiary legislation, Members agreed that I should move a motion to extend the period for scrutinizing these two items of subsidiary legislation to the Legislative Council meeting on 18 March 2015.

President, I urge Members to support this motion.

**Dr CHIANG Lai-wan moved the following motion:**

"RESOLVED that in relation to the ―

(a) Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2015, published in the Gazette as Legal Notice No. 6 of 2015; and

(b) Employment Ordinance (Amendment of Ninth Schedule) Notice 2015, published in the Gazette as Legal Notice No. 7 of 2015,

and laid on the table of the Legislative Council on 21 January 2015, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 18 March 2015."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr CHIANG Lai-wan be passed.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Debate on motion with no legislative effect: Motion of Thanks.

Mr Andrew LEUNG will move this motion. Mr Frederick FUNG, Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Dr KWOK Ka-ki, Dr Helena WONG, Ms Cyd HO, Dr Fernando CHEUNG and Mr CHEUNG Kwok-che wish to move amendments to the motion.

I have accepted the recommendations of the House Committee on the time limits for speeches in the debate, that is, each Member may speak in any of the five debate sessions but he/she may only speak once in each session, subject to the total speaking time limit of 30 minutes.

Mr Andrew LEUNG, as the mover of the motion, will have an additional 15-minute speaking time for moving the motion and making a reply. In addition, he will have another five minutes to speak on the amendments. Like all other Members, movers of the motion and of the amendments may speak in any of the five debate sessions. I will invite the Members concerned to move amendments after the five debate sessions have ended.

In each session, I will first call upon those Members who wish to speak to speak. After Members have spoken, if necessary, I will suspend the meeting for 10 minutes for the relevant public officers to prepare their response. Only public officers may speak when the Council resumes. If public officers consider the suspension of meeting not necessary, I will invite them to respond. The total speaking time limit for public officers in each session will depend on the number of public officers attending the session. After the public officers have spoken, the debate session will come to a close.

Today's debate will end at about 10.30 pm. The debate for tomorrow will start at 9 am and end at about 10.30 pm. The debate for the day after tomorrow will start at 9 am and the meeting will be extended until the debate has finished.

After the five debate sessions have ended, Mr Andrew LEUNG may speak on the amendments. I will then call upon movers of the amendments to move amendments one after another. After the amendments have been voted upon, Mr Andrew LEUNG may reply. Finally, Members will vote on the original motion or the motion as amended.

I now call upon Mr Andrew LEUNG to speak and move the motion.

**MOTION OF THANKS**

**MR ANDREW LEUNG** (in Cantonese): President, in my capacity as Chairman of the House Committee, I move that the motion "That this Council thanks the Chief Executive for his address" be passed.

The Policy Address is an important document in which the Chief Executive expounds on the Government's key policy initiatives for the forthcoming year. This motion does not point to any direction. It only follows the provisions of the Rules of Procedure and the traditional practice, so that Members can hold a debate and express their views on the Chief Executive's Policy Address.

President, probably we all agree that the year 2014 was a year of turmoil to Hong Kong. The Occupy movement brought challenges to the society, to people's livelihood, to the economy and to the rule of law. It caused the society to fall into dissention at an unprecedented level. The relationship between the Executive and the Legislature also hit rock bottom. Some Members launched filibusters as well as the non-cooperative movement and brought very serious repercussions to the operation of the Council. Some Members frequently asked for headcounts, which had unnecessarily prolonged Council meetings and affected other committees of the Legislative Council in their agenda arrangements. Both the Finance Committee and the Public Works Subcommittee had a large number of deferred agenda items piled up.

Many people hope that the Chief Executive will, in this Policy Address delivered after the conclusion of the Occupy movement, put forth policies and measures which promote economic and social development as well as people's livelihood, so that the overall development of Hong Kong can get rid of the current impasse and move forward. However, the Government has to garner support from society and co-operation from the Legislative Council in order to efficiently take forward policies and implement measures. Otherwise, it will be faced with hindrances and setbacks despite all its efforts, and those who suffer eventually will be the Hong Kong people.

It is somewhat strange that faced with predicament in the relationship between the Executive and the Legislature, the Chief Executive has not uttered even a single word on the topic throughout the entire Policy Address. Together with the Deputy Chairman, I, in my capacity as Chairman of the House Committee, hold regular meetings with the Chief Secretary for Administration.

We have all along been making use of this occasion to enhance our liaison with each other so that the work relationship between the Administration and the Legislative Council would be more harmonized. I believe that this kind of meeting can continue to reinforce the communication between the Executive Authorities and the Legislature this year, with a view to mending the relationship and rationalizing the governance. The Legislative Programme put forth by the Administration, for instance, is a topic which will certainly be brought up in our Motion of Thanks every year. In October last year, the authorities submitted to the Legislative Council the Legislative Programme for this Session on which only 16 bills have been scheduled for introduction and the number is smaller than those of the previous years. According to the time table provided by the authorities, seven bills among them will be introduced in the first half of the session while the remaining nine bills will only be introduced in the second half of the session. However, up to last month, the authorities have only tabled two bills. When meeting with the Chief Secretary for Administration recently, we have expressed our concerns to her. The Chief Secretary has also undertaken that the authorities will introduce the bills on the Legislative Programme for this Session to the Legislative Council as early as possible, so that the Council can carry out the scrutiny without undue delay. I am pleased to see that the Arbitration (Amendment) Bill 2015 and the Clearing and Settlement Systems (Amendment) Bill 2015 were introduced to this Council on 4 February. Another bill on the Legislative Programme which is expected to be controversial, the Interception of Communications and Surveillance (Amendment) Bill 2015, have undergone the First and Second Readings.

In his Policy Address, the Chief Executive has highlighted the need to "pursue democracy, boost the economy and improve people's livelihood." I believe we all agree that the society indeed attaches great importance to these three aspects. The various measures listed in the Policy Address are the embodiments of the Administration's commitment in planning to solve social problems step by step. However, I also expect the authorities to meet considerable hindrance in the course of implementing these measures. The current political conflicts and predicament in governance will bring impasse to the Government. In the debates to be conducted in the next three days, I hope Members can raise their views or comments on individual policy directions and measures. I also hope that the Administration can listen attentively to and consider the views and suggestions put forward by the Council as well as by various social sectors. Only by doing so can social consensus be reached afresh in this way.

President, the success of Hong Kong which we now enjoy does not come by easily. Hong Kong experienced various difficulties in 2014, and 2015 is going to be an important year to us. I would like to stress that it is a vital task for the Council to monitor the Government. It is the responsibility of Members of the Legislative Council to understand the Government's policy measures and to raise their criticisms so as to help improve the governance, with a view to bringing benefits to the society. If everyone is unwilling to put down his formed opinions and unwilling to give way, not only will the strained relationship at present persist, an antagonistic impasse will also arise. I hope that the Administration and Members of this Council will make more rational and pragmatic efforts to help Hong Kong get out of the current predicament and move forward.

With these remarks, President, I beg to move.

**Mr Andrew LEUNG moved the following motion: (Translation)**

"That this Council thanks the Chief Executive for his address."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Andrew LEUNG be passed.

**PRESIDENT** (in Cantonese): This Council will now proceed to a joint debate on the motion and the amendments.

We now proceed to the first debate session. The debate theme is "Economic Development". This session covers the following five policy areas: commerce and industry; economic development (other than energy); financial affairs; information technology and broadcasting; and maritime and aviation.

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

**MR TAM YIU-CHUNG** (in Cantonese): President, in this year's Policy Address, the Government has presented a full picture of the future development as well as the livelihood and economic problems of Hong Kong, and it has come up with

new proposals and undertakings in response to the social issues and deep conflicts of public concern. For instance, the Government has proposed to increase the supply of public and private housing, earmark $50 billion for retirement protection, and so on. The Policy Address has assimilated a number of recommendations put forth by the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), such as the development of more subsidized housing at different levels, assisting young people to start their own business, the development of integrated agricultural village, and so on. The DAB therefore supports and approves of this year's Policy Address.

Undoubtedly, the spirit of rule of law is one of the integral factors enabling Hong Kong to evolve from a small fishing village into an international financial hub. Nonetheless, the unlawful Occupy action persisting for 79 days last year has undermined the spirit of rule of law, which is by far the pride of Hong Kong. Given that the foundation of rule of law has been damaged, the public are concerned about whether and how will this affect the long-term economic development of Hong Kong. The title of this year's Policy Address — "Uphold the Rule of Law, Seize the Opportunities, Make the Right Choices" — has accurately pinpointed the ills of the time.

If we look in retrospect at the 79-day unlawful Occupy action, certain political parties, groups and organizations organized and instigated other supporters to occupy the roads unlawfully in the name of what they called fighting for genuine universal suffrage. This group of unlawful occupiers enraged everyone as their occupation of the major trunk roads in Admiralty, Mong Kok and Causeway Bay for months in defiance of all laws and regulations caused disruptions to the daily life of local residents and affected the operations of local businesses. Moreover, during their unlawful occupation, they repeatedly hindered the police's enforcement actions and violently charged at the police cordon lines. It is even more shameful that a number of political parties that have organized, planned and participated in the unlawful Occupy action are endeavouring to whitewash their evil doings. To that end, they have repeatedly framed and degraded the enforcement actions of the Police in a bid to batter the reputation and credibility of the Police. Some from the legal sector even repeatedly spread the rumour that "anyone who turns himself in after breaking the law intentionally will not undermine the rule of law", or some crooked theories such as "compliance with the law does not mean the rule of law".

Despite that the 79-day unlawful Occupy action had come to an end before the close of last year, a small of group of disgruntled organizers and participants of the unlawful Occupy action continues to defy laws and regulations. The so-called "shopping" actions that they carry out in Mong Kok from time to time have caused disturbance to local shops. Worse still, last Monday, these organizations that have taken part in the unlawful Occupy action called for arson attacking the retailors in Sheung Shui in the name of "liberating Sheung Shui" on the Internet; and last Sunday, they initiated the so-called "liberating Tuen Mun" action, which raided the Trend Plaza and other popular shopping malls in Tuen Mun and even made arson attacks in the malls.

If the SAR Government and various sectors of our society still do nothing to put things back on the right track, the actions in defiance of laws and regulations are set to aggravate, which will undermine the prosperity and stability of Hong Kong overnight. As such, the SAR Government and various sectors of our society must say "no" to the crooked theories that jeopardize the rule of law. The Police and authorities concerned should find out the truth of the unlawful Occupy action expeditiously and penalize impartially the co-ordinators, organizers as well as the brain of the unlawful Occupy action. This is to refresh Hong Kong's spirit of rule of law that focuses on upholding and complying with the law to prevent the recurrence of unlawful occupation or similar incidents.

In the last decade or more, various sectors of the Hong Kong society have been looking forward to the development of new industries in Hong Kong with a view to improving the industrial structure of Hong Kong and reducing its reliance on the property and financial sectors. For this reason, the practitioners and organizations of the technology sector called on the SAR Government to set up a specialized Policy Bureau in the hope that Hong Kong can ride on the global trend of developing innovative technology. After years of pursuit by the IT industry of Hong Kong — including Dr Elizabeth QUAT of the DAB, a beam of hope for the setting up of an Innovation and Technology Bureau (ITB) has finally emerged after the Chief Executive LEUNG Chun-ying taking office.

Having won the election in 2012, Chief Executive LEUNG put forth the proposal to restructure the Government, which also included the establishment of an ITB. However, the Government's restructuring proposal was torn apart by the filibuster staged by the pan-democratic camp. Last year's Policy Address re-initiated the setting up of an ITB but the opposing camp once again used various excuses and tactics to stall it. Given the opposing camp's stance that they will do whatever it takes to stifle the proposed ITB, I am very much worried

and believe that the possibility of successfully setting up an ITB in the near future is very slim. The opposing camp has frequently pointed out that Hong Kong should develop new industries and reduce its reliance on the property and financial sectors, and they have even made the outcry of "topple property hegemony". Yet they have actually done many things to stall the development of new industries in Hong Kong. Their intentions are indeed evil and suspicious.

Speaking of the long-term economic development of Hong Kong, our discussion will unavoidably touch upon a core issue: Hong Kong's relationship with the Mainland. Hong Kong, as a part of the territory of China, has a close tie with the Mainland, and the two places have inseparable bonding in terms of trade, culture and the people. Hong Kong, benefited from the opportunities arose from the reform and opening up of our motherland, has successfully become an international hub of financial, trading and shipping activities.

Nonetheless, in recent few years, some political parties, groups and organizations kept playing up the problems and conflicts arose from the exchanges between Hong Kong and the Mainland for some secret political interests. They have tried all means to stall the infrastructure projects or policies that can enhance the relationship between Hong Kong and the Mainland, and attempted to disrupt the connection between Hong Kong and the Mainland by championing what is called "localization" or "nativism".

The actions and deeds of some political parties, groups and organizations have failed to generate substantial influence in the mainstream society of Hong Kong, yet they have managed to corrupt the mind of some inexperienced and innocent youngsters. In paragraph 10 of the Policy Address, Chief Executive LEUNG thus reminds various sectors of our society to stay alert with respect to some fallacies such as the idea of "Hong Kong Independence" spread by *Undergrad*, the official publication of the Hong Kong University Students' Union. He also asks political figures with close ties to the leaders of the student movement to advise them against putting forward such fallacies.

Chief Executive LEUNG's remarks pointing out the peril of the remarks relating to "Hong Kong Independence" have aroused accusation from the opposing camp, who repeatedly criticized those remarks as Chief Executive LEUNG's attempt to suppress the freedom of speech and stir up conflicts.

Both the 2014 February issue and the latest January issue of *Undergrad* contains a number of articles advocating the idea of "Hong Kong Independence" and that Hong Kong should find a way to self-reliance and self-determination, and a thorough nativistic revolution against Communism is the only way of self-rescue for Hong Kong. The pursuit of some of the organizations and participants of the unlawful Occupy action has transformed from genuine universal suffrage to what they called "fighting for establishing Hong Kong as a country by force". Their actions have escalated from unlawful occupation of roads to making arson attacks on retailers and shopping malls. These ideas and actions are all highly perilous. All Hong Kong citizens who want to uphold the prosperity and stability of Hong Kong should say "no" to these actions and behaviours.

For this reason, the DAB released a statement yesterday to strongly denounce the so-called "Liberating Tuen Mun" action. As we pointed out in the statement, it is normal to have more Mainland visitors coming to Hong Kong before the Chinese New Year. Their purchases are just normal consumption activities that highlight the attractiveness of Hong Kong products and services. In the statement, we asked all the authorities concerned to properly manage and control people and traffic flows. Relevant measures include enhancing prosecution work against illegal placement of goods on pavements to ensure that all passages are unobstructed, ensuring the provision of adequate public transport facilities for passengers and strictly forbidding passengers with bulky luggage to board public vehicles. We hope that with collaboration on various fronts, the inconvenience caused to the daily life of Hong Kong people can be minimized.

Meanwhile, the Government should consider the development of shopping centres in the border area close to Shenzhen as a shopping destination appealing to Mainland visitors. With respect to site options, in addition to Lok Ma Chau as previously proposed by the DAB, the Government can consider opening up the closed area of Sha Tau Kok with a view to developing Sha Tau Kok Town and Chung Ying Street into another shopping spot in the border area. This can ease the pressure from tourists on certain districts.

I notice the presence of the Financial Secretary in today's meeting; hence I would like to take this opportunity to present to him the aspirations of the people. This year's budget will be released on the seventh day of the first lunar month. All people of Hong Kong look forward to hearing good news at the start of the Year of the Ram. I would like to take this opportunity to reiterate some of the

DAB's views on the Budget. In our view, after the 79-day unlawful Occupy movement, coupled with persistent inflation and the uncertainties in economic outlook, our society really needs a break for recovery. For this reason, the Budget for the coming year should provide various relief measures to the people and businesses of Hong Kong. In particular, I would like to mention the relief measure of paying one month's rent for public housing tenants. Recently, the media rumored that this relief measure will be cancelled, and this will bring disappointment to many public housing tenants. Hence, I particularly urge the Financial Secretary to be considerate and accede to the request of the public. He should not do away with this popular relief measure abruptly when the Treasury is "flooded" with money.

Moreover, we hope the Financial Secretary can consider the recommendations put forth by the DAB and continue to implement a range of relief measures, including, among others, waiving rates for the whole year, providing "double pay" to the recipients of Old Age Allowance, Old Age Living Allowance, CSSA, and so on, providing tax rebate to payers of salaries tax, substantially increasing the child allowances for tax payers who need to raise children, and reducing business registration fee, licence fee, sewage charge, and so on.

Lastly, to alleviate the rent pressure faced by the tenants currently living in private residential units, we propose that the Financial Secretary add a new deduction item for residential rent by making reference to the operation of home loan interest deduction. The proposed rent deduction can ease the burden on those living in private housing.

President, the DAB regards the Motion of Thanks as a platform for Members to debate on the Policy Address, as well as to express their stances, views and suggestions on the Policy Address. The wordings of the motion used to be neutral and courteous by tradition. The DAB considers it unnecessary to deviate from this tradition of the Council unless there is any strong reason to do so. On this ground, the DAB will only support the original motion as we did in the previous few years.

Thank you, President.

**MR WONG KWOK-HING** (in Cantonese): President, after the announcement of the policy address, I have hosted many residents' meetings to gauge views of residents in various districts and views of wage-earners in different trades. I have also attended all the briefing sessions held by all 18 panels of Legislative Council on the policy address. I have asked a total of 38 questions. I consider the responses to my 38 questions are quite positive, in which 34 are positive, four are neutral and none is negative. Therefore, I support this Policy Address and the Motion of Thanks.

President, having summarized the views of wage-earners and residents, I wish to take this opportunity to use these Chinese New Year couplets to reflect views of the public. President, next Thursday is the Lunar New Year Day. We bid farewell to the Year of the Horse and welcome the Year of the Ram. For that reason, I am presenting the four "haves" of the Year of the Ram, and I wish Hong Kong and Hong Kong people a better and a prosperous new year.

President, the four "haves" are: "All have the right to vote", "All have a place to dwell", "Workers have overtime pay" and "Retirees have retirement protection". In addition, there is this horizontal scroll bearing the inscription of "Free rides for the elderly". I will explain my views towards the Policy Address according to these thematic topics.

First of all, I will take about "All have the right to vote". President, this is an epochal milestone in the history of Hong Kong. Whether the goal for all to vote can be achieved in the Year of the Ram depends very much on the endeavours to be made by the Government and members of the public. According to the 31 August Decision of the Standing Committee of the National People's Congress (NPCSC), the Chief Executive can be elected by universal suffrage on a "one person, one vote" basis. For that reason, it is a progress, a breakthrough and a leap forward, regardless of the perspective to be taken, because it makes something out of nothing. Selecting the Chief Executive through "one person, one vote" is always better than selecting the Chief Executive by 1 200 people through a nominating committee comprising 1 200 people, which is a remodelled election committee, while 5 million members of the public, that is, 5 million voters, can do nothing but be onlookers. For that reason, regardless of the perspective to be taken, the selection of the Chief Executive by "one person, one vote" is a significant progress.

Moreover, President, the relevant requirements under the constitution and the Basic Law have clearly defined the relationship between the Central Government and local government, the relationship between the superior legislative body and the subordinate legislative body. Therefore, the relevant public opinion, in particular the request to withdraw the 31 August Decision and restart the "five-step process" in constitution reform, will do nothing but mislead the public. They are unachievable as they are violating the constitution as well as the laws. Besides, things can still be improved if the selection of the Chief Executive by "one person, one vote" is implemented, and then the Legislative Council can be elected by universal suffrage. The Government has explained that repeatedly.

President, if we vote against the 31 August Decision and vote down the selection of the Chief Executive by "one person, one vote", what is the consequence? The consequence is that we will not only have no progress in our constitutional reform, we will even suffer a retrogression. Afterwards, we cannot carry out the election of the Legislative Council by universal suffrage. Furthermore, the row over the political system will encumber Hong Kong people's livelihood, Hong Kong's prosperity and stability.

Frankly speaking, if we dump the selection of the Chief Executive by universal suffrage in 2017 on a "one person, one vote" basis, I really don't know when we can restart the constitutional reform if we wish so in the future. Moreover, I also wish the public to rethink that if we idle our time away, how many years do we have before 2047? How many decades does one man have? The HKSAR has no more than two decades from now on. According to the Government's current publicity, it is just one step away. I think it has pointed out the urgency of the matter and the fact that it can be achieved without much effort. For that reason, I hope we can seek truth from facts and avoid having a rigid or radical mind. In particular, I hope Members of the pan-democratic camp will not have a radical mindset as if they were suffering from an extremely childish sickness or an extremely radical and childish sickness who know nothing but to air opposing views.

President, a common saying can best describe it. That is, when one eats a bowl of rice, one needs to eat mouthful by mouthful; he cannot eat the entire bowl of rice in one gulp. I think everyone understands this. Similarly, it is just like the way we drink water: we need to drink it sip by sip. We cannot drink a whole glass of water in one gulp, or else we will be choked. Likewise, we will be

choked by the rice if we try to eat an entire bowl of rice in one gulp. This is very simple logic. Our way of getting along with people and dealing with things should adhere to this universal truth. If we adhere to this universal truth, we will be able to resolve some intense, complicate and hostile disputes and issues, just like this issue of constitutional reform.

President, according to the 31 August Decision of the NPCSC, "one person, one vote" is the right of every person in Hong Kong that should not be deprived of. For that reason, the Government is duty-bound to stand up for and safeguard the sacred right of Hong Kong people. It should also enhance the intensity of publicity, make more efforts to win public support, speak louder to clear things up, so that everyone in Hong Kong can come together in unity. If we show all these to the opposition, they should think it over, as they will have to pay a hefty price if they veto the reform package.

I think the Government should now explain the cruxes of the matter clearly. What are they? First, is it constitutional? Second, is it progressive or retrogressive? After making the breakthrough of the universal suffrage on a "one person, one vote" basis, can we streamline it? If we are void of both, that is, we cannot select the Chief Executive by "one person, one vote" nor have the election of the Legislative Council by universal suffrage, then who should take the blame? Lastly, I ought to mention that we should sternly point out the wrong idea or thinking concerning "Hong Kong independence", and even its advocacy is a mistake. The Chief Executive has already pointed out the issue in the Policy Address, and I think he has done something right, as he is duty-bound to do it. Actually, I have reiterated it for many times in the Legislative Council that the spirit of "Hong Kong independence" has been hovering above Hong Kong, and everyone in Hong Kong should face this crisis squarely.

President, below I will talk about the second couplet I am giving away to Hong Kong people. That is "All have a place to dwell". At the beginning of this legislative session, that is, at the end of 2012, the Legislative Council passed a Members' motion proposed by me, which urged the Government to improve its housing policy and strategy. We urged the Government to formulate a long-term housing policy to increase the supply of PRH flats, resume the construction of HOS flats and to increase land supply, with a view to solving the most imminent livelihood issue that everyone in Hong Kong concerned most, so as to achieve the goal of "All have a place to dwell".

The Government of this term eventually adopted a positive attitude, formulated the Long Term Housing Strategy and took on board vigorous measures, such as increasing the quantity of PRH and HOS flats and setting up a target of constructing 480 000 housing units within 10 years, developing new plots of land and increasing land reserve. All these measures have been taken correctly. However, a problem arises. Can a slow remedy meet an urgent need? It was a problem in the last decade, and now the Government of this term has to "foot the bill". We can see that those "disposed sites" are not immediately available, as one cannot turn flour into bread or pastries instantly. Therefore, I hope the Government can deal with the housing issue with flexibility in its thinking, particularly when it is facing a grim situation of filibustering in the Legislative Council which obstructs the Government's operation, resulting in a very difficult situation for the Government to increase housing supply. Nevertheless, I still think that the Government should adopt a new way of thinking.

For example, the Hong Kong Federation of Trade Union (FTU) has proposed that the "Easy Home Ownership Scheme" should target at the structural issue by helping people with a monthly household income between $16,000 to $30,000. As they are not eligible to apply for PRH flats and they cannot afford private housing, they have to pay hefty rents. Should the Government launch a sandwich class scheme, a sandwich class PRH or a sandwich class HOS project, so as to create a ladder to bridge up the gap between PRH housing and HOS housing for these two flights of stairs to help address the structural need among people within this social stratum?

Moreover, FTU hopes that the Government will consider reviewing rent control measures, in particular sub-divided domestic cubicles rented for less than $5,000 a month, partitioned flats, bed-space apartment and "coffin rooms", even though the Government has not made a categorical refusal and said that it was willing to discuss the matter with relevant organizations. We welcome the response of the Secretary and we hope the Government will promptly achieve some results after the discussion.

As to tax concessions and home purchase loans for home starters, we hope the Government will reconsider these measures. It could not be better as the Financial Secretary is present now. Some members of the public can afford the mortgage, but they cannot afford the down payment. Can we find ways to help them? Besides, I have made a proposal and asked the Government in the briefing sessions whether the Government could consider using vacant HOS flats

and the floor areas in question as an immediate remedy. At present, there are about 380 000 subsidized housing units with their land premium unpaid, in which 250 000 are HOS units. In fact, the Government has been implementing the HOS scheme for many years and people's life was improved. Along with the improvement in the economic conditions and changes in family composition and household structure of these tenants, many of such flats are left vacant.

However, in the past, the Government was reluctant to take this into consideration as it thought that no measure should violate requirements under the Housing Ordinance. That is, as these residents have enjoyed the housing benefit once, they should not enjoy double benefits. Actually, can the Government relinquish these rigid thoughts and try flexibly to find new solutions in a pragmatic manner? If so, the new solutions may enable HOS flat owners to make use of their vacant flats to mitigate the housing shortage problem. In fact, we can gain a multitude of advantages by making a single move.

The first advantage is that we can increase the number and floor area supply of tenantable units. The second advantage is that both sides can gain the benefits, and the Government may get a share from that. The Financial Secretary may also take that into consideration. Although rents are collected from units with unpaid land premium, the Government may still get a share from the rents. The Government may even get a share from the profits tax. The third advantage is that it is an opportune moment for the Government to take the lead to formulate a model tenancy agreement. If the Government can take the lead and promote the formulation of a model tenancy agreement, it can solve the problem even no immediate remedy for rents control can be introduced for the time being. It is a good opportunity to formulate a new and standardized tenancy agreement. The fourth advantage is to put a check on the rental upsurge, as an increase in supply will naturally have a restraining effect on market prices. For that reason, we hope the Government will consider deregulating restrictions on subsidized housing and HOS flats and conduct the relevant study as soon as possible.

Below I wish to speak on the third couplet, "Workers have overtime pay". President, the fact that "Workers have overtime pay" has just pointed out the crux of the matter. In fact, standard working hours and minimum wages are twin brothers. They are just like the two legs of a person: one on the left and one on the right. A person cannot walk unless one leg is in the front and the other is at the back. For that reason, after the enactment of the minimum wage legislation,

FTU will work with perseverance to fight for the legislation on standard working hours. The reason is really simple, that is, if wage-earners work overtime, they will get overtime pay. For employers asking employees to work overtime, they cannot ask their employees to work without overwork pay; they have to pay the cost. Thus when they have to pay for the cost, they will think twice and will not ignore the consequence.

President, according to the Report on Annual Earnings and Hours Survey of the Census and Statistics Department, the working hours of wage-earners in Hong Kong are too long. For example, the weekly working hours of some industries are as follows: 54 hours for the catering industry; 60 hours for Chinese restaurants; 64.7 hours for security guards; 54 hours for elderly homes; and the median weekly working hours are 50. The point is that if there is no overtime pay, the employers are not required to make the payment and the employees have to work until they die. Some say that employees just ask for it themselves and employers have nothing to do with it. For that reason, to get paid for overtime work is a very significant index.

The Social Affairs Committee of FTU has conducted a survey and gauged views from 688 wage-earners who are above 18 years of age. We have found that about 80% of respondents consider the overtime work condition rather serious; 70% consider that they are bemused by serious overtime work; 30% need to work overtime 10 hours or more in total. For that reason, upon our request, the Government of this term has established the Standard Working Hours Committee and started its work. But I consider the progress too slow. Although the interim review has been completed, there is no clear-cut time-table for legislation.

Therefore, I wish to take this opportunity to urge the Government to speed up the progress so that all wage-earns in Hong Kong can see the sincerity of the Government in legislating for standard working hours. Besides, we also understand that it involves a lot of complicated controversies. Nonetheless, will the Government launch the pilot scheme in certain industries or enterprises where they have the least controversy while they are rather mature so that the easy issues can be tackled first and the difficult ones will be dealt with later? In fact the Government can take that into consideration. At present, a lot of corporates in Hong Kong have put in place an overtime system. Take the Hong Kong Tramways Limited, a century-old establishment, as an example. We fought for overtime pay for its employees for a long time in the past. Although it has tried

to abolish the system under a different guise in the recent 10 years, after our efforts and endeavours, it has restored the 1.5 time overtime pay system. In fact, the Government can be flexible too by implementing a pilot scheme in certain industries. Actually it can help speed up the legislation for standard working hours. Therefore, I hope the Government will seriously consider this proposal.

Alright, I am going to greet Hong Kong people with the fourth couplet. That is "Retirees have retirement protection". The Policy Address of this year dedicates six paragraphs (paragraphs 114 to 119) to explain retirement protection. Yet the message conveyed is a mix of good and bad news. The good news is that we can see the Government has earmarked $50 billion to resolve and deal with issues related to retirement protection. This is making hay while the sun shines, which I consider commendable. The allocation of $50 billion shows that the Government is willing to face squarely the issue of retirement protection. It is better than doing nothing as it did in the past.

As to the bad news, the message conveyed is that the word "universal" is missing in the retirement protection system, and I think that it will cause certain concerns and discontent among Hong Kong people. Actually, retirement protection is included in the election manifesto of Mr LEUNG Chun-ying. He wrote in his manifesto "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". Nevertheless, insofar as I can see, while the Government of the current term has reached more than half of its tenure, we have not seen any concrete proposal yet, except the report submitted by Prof Nelson CHOW, who has been entrusted to conduct the study. As to the ways to promote various proposals, I hope the Government will work harder on "Retirees have retirement protection" and speed up its efforts so as to allow us to see the relevant timetable and road map. In this connection, I think the Government should make reference to the success in legislating for paternity leave and take the lead to implement it. The Chief Executive has vaguely mentioned in his policy address and manifesto the MPF accrued benefits of employers will be reduced gradually. In this connection, I have raised a question in the Legislative Council briefing session, and the Administration tells us — by the way the Secretary is present in this Chamber now — that a consensus should be reached between employees and employers. Honestly speaking, as they are in conflicting interests or positions, how can they reach consensus?

Therefore, the Government has the responsibility to show whether it has a strong stand and determination in reforming the MPF system, instead of devising a smattering reform. It has to scrap the MPF mechanism of offsetting severance payments and long service payments with the accrued benefits as early as possible. If a consensus is not reached soon enough, I think the Government should draw reference to the experience of legislating for paternity leave by taking the lead. Secretary CHAN, although you have replied to me that my proposal was not accepted, I still hope the Secretary will keep on considering it and dealing with the offsetting mechanism in a positive, flexible and accommodating way.

At present, the Government is actually the largest employer in Hong Kong. In the public service provided by the Government, there are more than 10 000 contract staff and there are also outsourced workers. Contract staff are not getting equal pay for equal work. In particular, under the MPF scheme, they have their contracts renewed every two years and get nothing each time, and therefore they cannot make any savings to meet their retirement needs at all. As the Government is the employer, it need not consult all the employers in Hong Kong before making the decision, just as the case in implementing the paternity leave. Therefore, I earnestly hope the Government will take the lead and deal with contract staff and outsourced workers first by scrapping the mechanism for offsetting severance payments and long service payments with the accrued benefits. As it has already been paid by taxpayers, why should the Government deduct their severance payments and long service payments? I hope the Government will take the lead and do it first. After making a breakthrough in this area, a full-scale implementation of the measure can follow.

President, after giving away the four new year's couplets, I still have a horizontal scroll which reads, "Free rides for the elderly". I raised this question in the Legislative Council briefing session, and I received positive response from Secretary Matthew CHEUNG. Frankly speaking, at present the Government spends $525,600,000 each year to help 720 000 elderly or disabled people to enjoy a $2 bus ride every day. However, in a number of cities on the Mainland, they have already granted free rides to elderly and disable people. Even the elderly and disable people from Hong Kong can enjoy the same concession on the Mainland. Why can we not actively promote that?

Therefore, I think the Government should not make minor repairs or do patchwork. Instead, it should be bold enough to implement new measures. Furthermore, it will take no more than $500 million for the Government to implement the free-ride concession scheme, while the pan-democratic Members have already wasted $2.5 billion in the filibustering. The amount wasted should have been adequate for providing five years of free ride for all the elderly and disable people in Hong Kong. One can see how much has been wasted by them. Therefore, instead of letting the public money be spent undeservedly, the Government should make the allocation by implementing the free ride concession.

The Government particularly discriminates against tram passengers. Trams have been serving Hong Kong for more than 100 years and the concession has been extended to elderly people now. If the Government is willing to allocate $1 million a month, meaning $12 million a year, the amount will be sufficient for providing free tram rides for all elderly people. Yet the Government is reluctant to implement the concession measure. For that reason, I hope the Financial Secretary, who is present in this Chamber, can hear my request. When I was conducting district consultation, a lot of elderly people entrusted me to tell the Government of their aspiration that the Government should implement free tram ride concession as soon as possible.

President, lastly, the Government has proposed a lot of measures in the Policy Address this year, and it is eager to have them implemented. However, why should they be obstructed? What is obstructing the implementation of these measures? It is the intensification of the filibustering. For that reason, I wish to use two more minutes of my speaking time to give away this verse entitled *The Beautiful YU* to Members of the pan-democracy camp, and hope that they will stop filibustering. If they keep on filibustering, nothing can be done.

My adaptation of the verse is like this: "When shall the adjournment motion end, who knows the wasting spent? Alas, the pan-democrats start the filibustering wave, the Tech Bureau is nipped, dare not I bend my gaze. Are the deadline of the 14 bureaux as of yore, yes: only they have shut the door. Tell me how much have thee squandered, no fewer than 39 elderly homes on the yonder."

President, I have read the adapted piece in last week's Finance Committee meeting with a view to criticizing pan-democratic Members. I hope they can empathize with the predicament of Hong Kong people and the waste of public money, thereby showing mercy to the motion concerning the new Innovation and Technology Bureau this Saturday, that is, the Valentine Day.

President, regrettably, in the meeting of the Public Works Subcommittee of the Legislative Council held at 8.30 am yesterday, we were vetting and approving recurrent funding applications submitted to the Legislative Council on a yearly basis. Of 9 000 medium to minor works projects … they were not medium works projects; they were just minor works projects. We were just vetting and approving these non-controversial projects. And of these 9 000 projects, more than 7 000 are underway, more than 1 000 are new projects, including hospitals, schools, road maintenance, and so on. Yet, pan-democratic Members were trying to pick bones from eggs by disallowing the funding proposals of these public works projects. As the funding proposals were not approved in the Public Works Subcommittee, they cannot be submitted to the Finance Committee. Therefore, I wrote in the adapted verses, "Alas, the pan-democrats start the filibustering wave", and that is the reason why I wrote it. For that reason, I hope everyone in Hong Kong can see the trouble the Government is facing, and everyone should support the Government and oppose the filibustering.

**MR LEE CHEUK-YAN** (in Cantonese): President, in order to make clear records, may I ask whether Mr WONG Kwok-hing was absent from the meeting concerned? Actually, all the public works projects mentioned by him just now, including the 1 000-odd maintenance and repair works under the capital works reserve fund, have been passed. Hence, I would ask him not to mislead the public.

In fact, he had misled the public just now. I find that Mr WONG Kwok-hing has now become a fake medicine swindler, as he talked about "everyone has a vote". In fact, he is deceiving the public. In regard to the fake universal suffrage, voting is also useless …

(Mr WONG Kwok-hing stood up)

**PRESIDENT** (in Cantonese): Mr LEE, please wait for a moment. Mr WONG Kwok-hing, what is your point?

**MR WONG KWOK-HING** (in Cantonese): President, point of order. I have to clarify about the comment that the 9 000 fund applications deliberated by the Public Works Subcommittee could not be passed yesterday.

**PRESIDENT** (in Cantonese): Mr WONG, you can only clarify your comment made earlier after Mr LEE Cheuk-yan has finished his speech. Mr LEE, please continue with your speech.

**MR LEE CHEUK-YAN** (in Cantonese): Yes, President. He has just become a fake medicine swindler. He deceived the Hong Kong people that it was very important that "everyone has a vote". It is of course very important if there is genuine universal suffrage. However, with fake universal suffrage, you can only vote after the Central Authorities have chosen the candidates. Do you want it? Afterwards, he also said something nonsense: "You have to eat your rice by mouthfuls." Then I want to ask him if he will drink the poisonous formula milk by mouthfuls? The babies in China did drink poisonous formula milk by mouthfuls. What is the result? Some babies died. Therefore, fake universal suffrage is just like poisonous formula milk; you cannot drink it by mouthfuls. If you really want it, it should be the genuine universal suffrage.

However, President, we are not discussing constitutional development but economic development in this session. Hence, I will mainly discuss two major questions in the economic development of Hong Kong. The first is the question of positioning. Is Hong Kong an international city or one of China's cities at present? You always mention "only a step away". It is really "only a step away" now. People always talk about competitiveness. We will be degrading from an international city into one of China's cities. What economic competitiveness will Hong Kong have?

In fact, a very important point of "one country, two systems" is that an independent economic regime can be safeguarded in Hong Kong and that Hong Kong can dovetail with the international society to become an international city. However, if "one country, two systems" is regressing, Hong Kong in fact will

also be doomed. At present, what is the "689" LEUNG Chun-ying Government doing? In fact, what "689" is doing now is to change Hong Kong into one of the cities of China. The foundation of Hong Kong itself: "one country, two systems" and "high degree of autonomy", is what being sacrificed by "689". This also includes his criticism on *Undergrad* in a Cultural Revolutionary manner in the Introduction of the Policy Address this year. Hong Kong still has freedom of speech and freedom of thought. If even these are lost, our economy, in fact, will also be harmed. It is because in economic development, we will talk about creativity, science and technology and how to develop new economic regime or new industries. This actually is to give full play to our creativity, while the freedom of information of Hong Kong will have no end. Nonetheless, if the SAR Government is also prepared to have it throttled, I would ask, "What will be left in Hong Kong?"

At present, the monstrous claw of interference from the Central Authorities has cut in deeper and deeper. In terms of administration, "689" is already doomed. Someone also said that the judges had to love the country, and then the mass media lopsided unanimously in saying that the Education Bureau had to listen to the instructions of the Central Authorities. If that goes on, what will be left in Hong Kong? Therefore, in regard to the position of an international city, is the present "689 Government" prepared to sacrifice it? It is because "689" is actually not serving Hong Kong but is serving the Central Authorities. He flatters the Central Authorities for the purpose of his own position.

They will surely mention the 13th Five-Year Plan later. Even the Innovation and Technology Bureau is related to the 13th Five-Year Plan. Why? Because after the Innovation and Technology Bureau is set up, Hong Kong will serve as a "super-connector". I see that "super-connector" is also written in the paper of the Commission on Strategic Development. Thus, Hong Kong is not really developing technology itself. If that is the case, what significance does it carry? Hence, the entire question of positioning is a very serious matter.

The second major question is that whenever the Government announces anything now, it will apply the "trickle-down theory", and economic development is the "master key". However, President, you also know that in economic development itself, there is the first distribution and the second distribution. If the first distribution is not done well, it will mean that the wages have not been increased — in fact, the existing wage level has not been increased — the workers in Hong Kong will have nothing but to work. Actually the entire

wealth of Hong Kong is being sucked up by 1% of the population. As long as they have land and engage in real estate or finance activities, they can suck up all the wealth of Hong Kong. Therefore, if there is growth but distribution is not mentioned and the wealth is being sucked up by 1% of the population, what is the point to have such growth?

Nonetheless, at present, the Hong Kong SAR Government is only talking about growth but not distribution. And the wage level remains stagnant. Concerning minimum wage, there is only a review every two years. Actually, workers are unable to share the fruit of prosperity. Then what is the point of talking about economic growth all the time? Economic growth will not bring benefits to the small and medium enterprises (SMEs). The property developers will be benefited eventually. The SMEs cannot make it, and any creative industries cannot make it either. It is because Hong Kong itself has a structural problem, which is that people dare not touch the interests of property developers and consortia. Of course, this also involves the political system in which there is collusion between the Government and the business sector. Among the four major sectors, the biggest one is the commercial sector. The politics of Hong Kong is being monopolized by the people who have commercial interests and privileged interests.

Nonetheless, we are not discussing this aspect. What I have to say is that the first distribution has failed, and the second distribution has also failed. The Government fails to let the workers and the public benefit from the growth through a fair taxation system. Instead, it adopts a so-called "trickle-down theory", and thinks that the public can pick up the biscuit crumbs being dropped to the ground. This is what it calls development, and the wealth will utterly not be redistributed.

The Labour Party always says that the Government never dares to answer the question about how much tax the super-rich people in Hong Kong have to pay each year. They actually do not pay any tax or only have paid a very small amount of tax. It is because their income is not being calculated as salaries but as stock dividends. No matter whether they have a few billion dollars or $10 billion of stock dividends, they need not pay any tax. Is that fair?

That is the tax system in Hong Kong. At present, the United States Government says that it has to implement a "super rich tax". But in Hong Kong, the super rich virtually do not need to pay tax. Why can we not make a change

in this aspect? Finally, I of course have to quote an example. In regard to the Mandatory Provident Fund (MPF) Schemes — the Secretary is now present in the Chamber — concerning the minor problem of the offsetting of severance payment with MPF, the Secretary always says that the question is very complicated and a consensus between employers and employees need to be reached. He said this one year ago and he says so now. What study has he conducted? He has not conducted any study at all but only says that it is complicated. He then need not do anything. For every matter, he will only say that it is complicated and then he need not do anything. Whenever the problem with offsetting severance payments with MPF is being mentioned, he will say that the economy will be affected.

Therefore, only if we raise a little request from the labour side, the Secretary will say that this will affect the economy. They do not care at all about the situation that the economy has all along been monopolized by 1% of the population. But when the labour wants to share some fruit of economic growth, they will then suppress the labour. Hence, I think that if this Government does not change its attitude towards the question of "one country, two systems", and does not fight for reasonable distribution for 99% of the Hong Kong people, this Government will be hopeless. Thank you, President.

**MR ANDREW LEUNG** (in Cantonese): The Policy Address covers extensively various policies for promoting sustained economic development and improving people's livelihood, as well as measures for expediting land and housing planning while devoting quite lengthy treatment to the promotion of youth work. The Policy Address has also prolonged the existing support measures for the industrial and commercial sectors, and answered certain demands of the industrial sector for promoting economic, trade, as well as innovation and technology development, attracting talents from outside Hong Kong, and also increasing labour supply. Although the Policy Address has not put forth any new policy measures based on an innovative mindset, I would still say that it is the most pragmatic and aggressive one among the policy addresses of these three years. In fact, I also think that the Policy Address is practical and realistic.

Speaking of economic development, the Business and Professionals Alliance for Hong Kong (BPA) considers that the Government has put forth a diversified range of forward-looking proposals which can open up new technology domains and promote the development of new industries in Hong

Kong. But the Government must squarely address the problem of manpower shortage, lest Hong Kong's economic development and services quality may be hindered. Due to its tense relationship with those inside and outside the legislature at present, the Government has met with much resistance in the course of taking forward its proposals. I hope the Government can show its enterprise, so as to strive for people's support for materializing the relevant policies, and in turn enhance our competitiveness and enable Hong Kong to stride forward.

In this debate session, I will put forward my views on promoting the development of high value-added industries and the return of industries to Hong Kong, developing Kowloon East and supporting small and medium enterprises (SMEs), in the hope that the authorities can give serious thoughts to my views and accept them.

The industrial sector has generated stable fiscal revenues for the Government and provided large numbers of employment opportunities, much to the benefit of social stability. In the case of Germany, for example, it has always attached great importance to industrial development. In 2014 when Europe was facing persistent economic downturn, Germany's gross domestic product grew by as much as 1.5%, and its export rose by 3.7%, almost a 100% increase over the 1.6% recorded in 2013. Therefore, the Hong Kong economy should not tilt towards certain services industries, because services industries must also rely on the real economy and industries for business.

The Chief Executive has announced the short-, medium- and long-term land supply strategies in the Policy Address. The strategies concerned, however, focus solely on residential and commercial lands, and no mention has been made to the allocation of any lands for industrial development purpose at all. Although the Chief Executive met with members of the industrial sector many times when he stood for the Chief Executive election, he has not put forth any concrete industrial policies in his policy addresses of the past three consecutive years, very much to the disappointment of the industrial sector.

Yesterday, the Federation of Hong Kong Industries (FHKI) released the findings of its research study entitled "Made in PRD Study IV — Hong Kong Industry: the way forward". The report puts forth a preliminary warning, saying that at present, manufacturers no longer conduct export and import through Hong Kong. They either deliver materials and machinery directly to the Mainland, or simply use Mainland-produced equipment. They no longer export their

manufactured goods via Hong Kong. As a result, the trading and logistics industry of the four major pillar industries in Hong Kong has dwindled.

Besides, with the promotion of economic restructuring, the continuous upward adjustments of workers' wages, and also the enforcement of new laws such as the Labour Law on the Mainland, production costs on the Mainland is getting closer and closer to those in Hong Kong. As a result, many enterprises, especially those engaging in technological research and high value-added business such as moulding, printing, electronic production, chemical production and pharmaceutical manufacturing, want to return to Hong Kong for development. But they face three problems, namely land shortage, succession gap, and long-standing negative impressions of industries in society. The Government must deal with all these problems.

In order to attract industries back to Hong Kong, the authorities must adopt a multi-pronged approach. Only by doing so can manufacturers be induced to take root in Hong Kong again. One of the measures is the provision of sufficient industrial lands. Sadly, land shortage has been a major factor impeding Hong Kong's industrial development. While our industrial estates have always been fully occupied, many lands there have not been optimized as they are used for storage purposes only. I am delighted to see that the Government is eventually willing to take the first step and proposes in the Policy Address to appropriately increase the development density of the Hong Kong Science Park, optimize its lands as well as its research and development facilities, and begin to formulate a policy on industrial estates. I hope that when constructing the fourth industrial estate, the Government can satisfy the demands of high value-added industries and green industries under the new policy.

Speaking of talents, as many Hong Kong manufacturers set up their factories on the Mainland, many Mainland talents have been trained up in one way or another. But this has indirectly led to 20 years of stagnation in Hong Kong's talents training. Besides, since the community all along has had negative impressions of the industrial sector, many parents are unwilling to let their children join the sector. As a start, the authorities should change the social stereotype about the industrial sector as a labour-intensive sector requiring low skills, and then step up training to encourage young people to join the industrial sector. Only by doing so can new blood be injected into the industrial sector to achieve the win-win result of developing high-value adding while increasing upward mobility opportunities for youngsters.

President, along with rising costs and shrinking demands, the growth of the Asian manufacturing industry may slow down in the near future. The Hong Kong industrial sector can only sustain its survival by developing towards automated production, increasing the value added to its products, establishing its own brands, developing sales networks, and also integrating innovation and technology into traditional industries for upgrading and restructuring purpose.

In The Global Competitiveness Report 2014-2015 released by the World Economic Forum on 2 September last year, Switzerland ranks first for six years in a row, and Singapore and the United States rank second and third respectively. Hong Kong only occupies the seventh position. The report states that as Hong Kong is equipped with comprehensive ancillary facilities and an efficient, trustworthy and stable financial system, it is regarded as one of the world's freest economies. But the report also points out that Hong Kong still has much room for improvement in the areas of higher education, innovation and technological research quality. It proposes that Hong Kong should make use of high technologies to boost the development of an innovation economy.

In October last year, an American brand consultancy firm called Interbrand announced the top 100 most valuable global brands for 2014. The first place was undoubtedly taken up by Apple Inc. Twenty-five years ago, a share of Apple Inc. was worth merely US$4.11. However, as at yesterday, its value has already risen to US$122. Its brand value now stands at US$118.9 billion, and the company is worth US$710.7 billion in market value. Among the top 100 brands, 13 are technological companies. We can see from this that developing high value-added innovation and technology industries has become a world trend.

Hong Kong has sufficient endowments and strengths to develop its industries. We have many discerning and innovative talents. As long as the authorities can roll out policy measures to nurture them and bring them together, Hong Kong can become an outstanding high value-added industrial centre in the region. Facing the rapidly changing economy, nevertheless, enterprises still need a dedicated organization to lead the way even if they intend to inject resources in innovation and technology as a means of enhancing their operation and development.

At present, the policies on innovation and technology development are scattered among various Policy Bureaux of the Government. This has sometimes made it impossible for the Government to maintain consistency.

Therefore, I think the establishment of the Innovation and Technology Bureau can facilitate co-ordination of the development in all innovation and technology industries, and create a new platform for Hong Kong enterprises to play to their strengths in various domains. I hereby appeal to Members to refrain from filibustering anymore and to expeditiously approve the appropriation request concerning the Innovation and Technology Bureau.

President, brand-building as a kind of business cannot rely solely on designers. Rather, it requires team support, designs, proposals, marketing, and policy support in order to be successful. Hong Kong is equipped with a sound intellectual property protection system, and its product quality and safety enjoy high international reputation. Therefore, to many, the brand "Made in Hong Kong" is synonymous with excellent quality, guaranteed safety, and high credibility. As long as the Government can roll out policies such as offering a 300% tax deduction to encourage enterprises to upgrade and transform themselves and develop towards high value-adding, and as long as the manufacturers in Hong Kong can adopt an appropriate scale of high value-added and high-end processes, such as product development, product design, technological research and development as well as patent registration, and optimize their production bases in the Pearl River Delta Region for production and manufacturing, they will be able to promote products "Made in Hong Kong".

The Government is keen to develop Kowloon East into the second commercial centre in Hong Kong. Following the previous "Energizing Kowloon East" proposal, the Chief Executive proposes in the Policy Address to develop a Smart City with Kowloon East as the first pilot area stretching across Kowloon Bay, Kwun Tong and the Kai Tak Development Area. Priority will be given to developing old districts, and the plan is to commence studies this year.

The Government must be forward-looking in developing Kowloon East. When developing the commercial centre, the Government can also consider the ideas of preserving the Kwun Tong Ferry Pier as well as places in Kai Tak with old district features, and developing new tourist attractions so as to attract local and overseas visitors. The authorities can make reference to a night market in Bangkok of Thailand called Asiatique The Riverfront. Asiatique as a port long ago contributed much to Thailand's economic prosperity. With the passage of time, however, Asiatique and the places nearby became dilapidated. However, under meticulous planning, the Thai Government retained the Asiatique pier and old warehouses as they were, added a new veneer to them, and transformed the

place into a sight-seeing night market of gastronomy and fun in 2012. This has not only rejuvenated the pier and drawn many people there, but also revitalized this old district and turned it into a new night-time tourist attraction in Thailand. This is a successful experience of urban renewal.

The development, management and operation of the Smart City should not be confined solely to the use of high-end technologies. The Government must give consideration on all fronts, and design features and indicators for the Smart City in respect of competitiveness, social and manpower resources, as well as living quality. As long as the Government can make use of folk wisdom as well as social and natural resources in building a smart working and rest environment for people, it can turn Hong Kong into an intelligent city in the region.

President, as in the past, many industrial and commercial policy measures of the Government are based on the FHKI's views. But disappointingly, the Government's support for the economy this year seems to focus solely on the creative industry and disregard the existing traditional SMEs in various industries. In particular, the Chief Executive has all along failed to materialize the measures under "Active support for SMEs" in his election manifesto, to speak less of the fact that the Policy Address this year has made no mention of SMEs. All this has inevitably disappointed many SMEs. The industry considers that the setting up of the Innovation and Technology Bureau can boost the technology industry and squarely address the hollowing-out problem faced by local industries. But we expect the Government to take one more step, the step of rolling out measures for supporting industrial and commercial development, so as to maintain Hong Kong's competitive edge.

The results of the Hong Kong Top 10 Commercial Issues 2014 award were announced recently. The unlawful Occupy Central movement was selected for the first place, and this has reflected its impact on the business sector. While the Occupy movement already came to an end after 79 days, the Government has still been unable to comprehensively assess the loss of the business sector. When Occupy Central was still under way, SME owners in various industries already complained to us about its tremendous impacts on their business and the resultant tight cash flow.

The BPA proposed the $100 billion SME Financing Guarantee Scheme years back precisely for the reason of assisting enterprises in resolving their difficulties. Therefore, we hope the authorities can follow the example of

launching relief measures during the SARS outbreak in 2003 and the financial tsunami in 2009 and launch the Special Loan Guarantee Scheme under the SME Loan Guarantee Scheme again as an extraordinary measure under the present extraordinary circumstances. The BPA urges the Government to set up a loan guarantee scheme for SMEs affected by Occupy Central as a new support channel to alleviate enterprises' liquidity pressure, with a view to assisting them in tiding over the difficult times and protecting the "rice bowls" of employees.

President, 2015 is an important and challenging year to Hong Kong. After all the heated disputes over constitutional development in 2014, the community understandably needs some more time to recover, so that it can move on to solve the immediate economic and livelihood problems. I hope that the Chief Executive can implement the proposals in the Policy Address and lead the community out of dissension, so that Hong Kong people can set off again. I also hope that the Government can expeditiously announce how it will specifically actualize the improvements to the various schemes on attracting overseas talents, and also its measures for alleviating labour shortage, lest all will just become empty talks. The industrial sector also requests the Government to actively consider the idea of developing high value-added industries under its economic and land policies, so as to achieve economic diversification.

In Hong Kong, nearly everybody is in employment now, and the unemployment rate is merely 3.3%, but the overall economic growth rate of Hong Kong is only 2.2%. This has already set off the alarm to the Government. The authorities must speed up economic growth, lest there will be insufficient middle-class people to support the economy in times of a global economic downturn. By that time, Hong Kong may face stiff challenges.

I hope that the Government can put forth specific measures in its Budget due for announcement at the end of this month for supporting the middle class and SMEs, especially measures on assisting enterprises affected by the Occupy movement, so as to rebuild the confidence of overseas enterprises and visitors in Hong Kong.

President, I so submit.

**MR ALAN LEONG** (in Cantonese): President, the Policy Address announced by LEUNG Chun-ying this year is, in a nutshell, "focused on conflicts while people's livelihood has been taken lightly". The Policy Address has in the beginning part of the Introduction criticized and denounced *Undergrad* and labelled the magazine as advocating the independence of Hong Kong. The concept of the rule of law has also been distorted willfully to over-emphasize the importance of being law-abiding, with the injustice of the system ignored. On the other hand, LEUNG Chun-ying has failed to address the most pressing problem we are facing in respect of the people's livelihood in Hong Kong and there is not a single word on the Individual Visit Scheme and the nuisance caused by parallel trading activities. There is no policy on diversified development of different industries while people have been pressed unceasingly to look for opportunity for career development in the Mainland. The Policy Address has undoubtedly set out the guiding principle for political struggle to which we will definitely object. The Civic Party will vote against the Motion of Thanks.

President, during these 17 years after Hong Kong's return to China, it is a hard fact that the administration quality of the three Chief Executives is getting worse. TUNG Chee-wah has always been slow to react, strong in will but weak in ability; Donald TSANG has been in close association with the business sector and constantly involved in allegations of corruption; and LEUNG Chun-ying is even worse for he has taken political struggle as the central task and betrayed Hong Kong for his own glory. The inadequacy in our system is actually the root cause of the deplorable performance of the three Chief Executives.

As all of us may recall, LEUNG Chun-ying was running in the election of Chief Executive back in those days as the natural enemy of hegemonism and the liberator of the grass-root people but had finally managed to occupy the Government House by collecting scandalous materials on his then opponent Henry TANG and telling lies. Half of his tenure has passed now and he is no longer the natural enemy of hegemonism or the liberator of the grass-root people. With the persistently high property prices, the decaying of our core values and the rapid Mainlandization of Hong Kong, those who were locally born and bred and have chosen to settle down and get on with their pursuit in Hong Kong have been overwhelmed with mixed feelings of anxiety, depression, disappointment, resentment, fear, evasion, and so on.

LEUNG Chun-ying has, in administering Hong Kong, acted arbitrarily and arrogantly with no regard of public opinion. In order to protect himself, he would be ready to sacrifice people's livelihood at all costs to destroy a political opponent. As long as the views expressed are disagreeable to him, even those of the pro-establishment camp such as LEW Mon-hung and Mr James TIEN would not be able to escape, let alone pan-democrats and his personality is in essence no different from that of a dictator. President, I have visited districts lately to write Spring Festival couplets for residents in the districts and yesterday in Lam Tin, I heard two people criticizing LEUNG Chun-ying for being narrow-minded and bickering with others like a primary school student and they both found the low quality of him disappointing.

President, Hong Kong's emergence as an international financial centre is largely attributed to the sound local system and our core values which are consistent with international practice and have assured foreign investors that they could go into business and live quietly and safely in Hong Kong. However, the struggles staged by LEUNG Chun-ying night and day has kept bringing damage to our core values and Hong Kong has undergone a complete change in just two and a half years, only one step away from everlasting perdition. At such a time when half of LEUNG Chun-ying's tenure has passed, I would like to spend some time to settle accounts with him and see what damage he has done to Hong Kong and how it is related to the upsurge of localism.

There are at least six major evils on the part of LEUNG Chun-ying and the first one is violating the requirement of being honest in performing his official duties. Soon after he had assumed office, LEUNG Chun-ying was accused of failing to declare the shares he held of a British Virgin Islands company and it was also uncovered last year with irrefutable evidence that he had secretly received $50 million from an overseas company. He has failed on each occasion to take the initiative to declare such interests openly and frankly and was suspected every time of concealing his personal interests. As the saying goes, "Fish begins to stink at the head". The political accountability team of LEUNG Chun-ying is also riddled with scandals, including the development of the land hoarded by the public officer responsible for land policy, defrauding rent allowance, engaging in the selling of a property prior to a tax increase, and so on. Thus, Hong Kong's ranking in the Corruption Perceptions Index keeps falling in the past few years and has hit a record low when compared with our ranking eight years ago. It is really astonishing to have so many officials in a single governance team involved in allegations of corruption.

The second evil, President, is the damage he has done to the principle of "one country, two systems". A White Paper was published by the State Council in June last year on the practice of "one country, two systems" and the most controversial point of which is requiring judges of the Courts at different levels to be members of the team which administers Hong Kong. It is also indicated in the White Paper that the Central Government exercises overall jurisdiction over Hong Kong but to put it bluntly, this is just a mere attempt to overturn the doctrine of "a high degree of autonomy" and to smash up the principle of the separation of powers. LEUNG Chun-ying, who as the Chief Executive, has not only failed to defend the system of Hong Kong, but has also responded favourably to the publication of the White Paper by the State Council and claimed that it did carry constructive effects. In the meantime, Beijing has repeatedly interfered in the affairs of Hong Kong. For example, Legislative Council Members have received telephone calls from officials of the Liaison Office of the Central People's Government instructing them how to vote, some Legislative Council Members have been criticized by WANG Guangya, the Director of the Hong Kong and Macao Affairs Office, and so on, as if Article 22 of the Basic Law never exists and no one has ever had sight of the provision.

President, I do not think I have to remind you what Article 22 of the Basic Law is about but Central Authorities officials may need some reminders. It is stipulated very clearly in Article 22 that the Central Government may not interfere in the affairs which HKSAR administers on its own in accordance with the Basic Law. Should the Chief Executive guard Hong Kong people against the influence of such actions as mentioned above by Central Authorities officials? It would be a betrayal of both Hong Kong and Hong Kong people if the Central Government is allowed to go straight ahead to manipulate the internal affairs of Hong Kong, thus letting the principle of "one country" go unchecked to override that of "two systems".

The third evil is the distortion of the spirit of the rule of law. The SAR Government has been repeatedly reminded by the Hong Kong Bar Association as well as scholars of legal studies that compliance with the law indiscriminately is not the entirety of the rule of law and such important meanings as limitation from law, justice through law, and so on, are also enshrined in the concept. However, LEUNG Chun-ying is deliberately thickheaded and has made no mention of our deep-rooted problems in the Policy Address but repeatedly emphasized the importance of the rule of law, regulation by law and compliance with the law.

Nevertheless, when it comes to the argument that the 31 August Decision of the Standing Committee of the National People's Congress (NPCSC) has actually gone against the "Five-step Process" of constitutional reform and that the NPCSC has acted against its own previous decision on the "Five-step Process" of constitutional reform in Hong Kong, LEUNG Chun-ying has suddenly become silent about regulation by law and compliance with the law.

In all truth, the rule of law as referred to by LEUNG Chun-ying imposes no restriction on public authority exercised by the Government as well as his arrogant and domineering behaviour but instead, is only a tool for suppressing public opinion. According to LEUNG Chun-ying, the rule of law is upheld for the sole purpose of regulating the behaviour of the people by law and he has purposefully misled the people into believing so in a bid to achieving the aim of implementing autocratic governance.

The fourth evil, President, is the threat posed to press freedom and academic freedom. Since LEUNG Chun-ying had assumed office, we have witnessed the occurrence of a spate of incidents involving the attack on media practitioners. From what we recall, such incidents include the brutal attack on Kevin LAU, the former chief editor of *Ming Pao Daily News*; the smashing of the glass of the car of SHIH Wing-ching, founder of *am730*; the similar damage done to the car of Stephen SHIU Yeuk-yuen, a media professional; the savage beating of the publisher of *iSun Affairs*; the damage done to the office of *Hong Kong In-media*; the burning of *Apple Daily* newspapers in an arson attack; the siege of the head office of the Next Media Limited; the fire bomb attack on the residence of Jimmy LAI Chee-ying, and so on.

All these incidents took place during the tenure of LEUNG Chun-ying but most of them — nearly all of them — have remained undetected indefinitely. The media sector is on the one hand subject to the intimidation of violent assaults, and is engulfed in white terror on the other, with a lawyer's letter issued by LEUNG Chun-ying before he assumed office to warn a columnist, followed by a series of unusual personnel changes in media organizations to have a number of outspoken media practitioners who have been vigorously criticizing the Government reduced to silence. All these are evidence to show that Hong Kong is becoming less and less tolerant of different views and voices and press freedom is in deadly danger.

Academic freedom is no better and is facing a grave challenge. With *Undergrad* openly criticized and denounced by LEUNG Chun-ying, a chilling effect has been created on Hong Kong people to regard the independence of Hong Kong as a taboo subject. The severe criticisms and attacks levelled by leftist newspapers at Prof Johannes CHAN, the former Dean of the Law Faculty of the University of Hong Kong, are also attempts to muffle voices of opposition from scholars but at this very critical moment, LEUNG Chun-ying has not uttered a single word.

The fifth evil is calling a stag a horse and stirring up hatred. Lies told by LEUNG Chun-ying are too many to enumerate, for example, fabricating an intervention by external forces, creating a panic about the independence of Hong Kong, defaming the pan-democrats. LEUNG Chun-ying is also fond of stirring up hatred and is skilled at helping himself out of trouble by putting people against people, with the signature campaign launched by the Alliance for Peace and Democracy versus the Project Civil Referendum; "blue ribbons" versus "yellow ribbons"; and the Hong Kong Youth Care Association versus the Fa Lun Gong. His purpose is to mess up Hong Kong and claim that Hong Kong is on the verge of disruption so that public opinion would not be focused to condemn his villainy. Such arguments of advocating the independence of Hong Kong and intervention by external forces are only pseudo-propositions and factually incorrect non-issues employed to consolidate the role played by him and many other members of the pro-establishment camp under the premise of maintaining stability.

The sixth evil on the part of LEUNG Chun-ying is, President, practising favoritism in personnel matters as well as executive hegemony. These are also malpractices in the Mainland bureaucratic culture which we denounce. New committees were created one after another soon after LEUNG Chun-ying had assumed office to appoint his supporters to the newly created public offices. It is our belief that Ms KAO Ching-chi whom he placed in the Central Policy Unit is actually tasked with the responsibility of ensuring that positions in all important advisory committees and statutory bodies would be occupied by his supporters. Mrs Fanny LAW has also admitted frankly lately and asked rhetorically what was wrong with practising favoritism in personnel matters. She said (I quote), "It is rational and logical to place supporters of Mr LEUNG in these positions. Should members of the opposition camp be appointed instead so that we would have endless bickering every day?" (unquote)

Let us forget about his practising favoritism in personnel matters. Most regrettably, those appointed from his circle of fans are not upright people at all. They are either burdened with a proliferation of litigation or entangled in scandals after scandals. His attention has been devoted to the division of political advantages while the need to apply the principle of rationality in public administration has been totally neglected. The Innovation and Technology Bureau (ITB) which LEUNG Chun-ying seeks to establish recently is a good example to illustrate the observations mentioned above, since he does not even have any plan for innovative and technological developments before the establishment of a new ITB is proposed. In reply to our questions raised at the meeting of the Finance Committee, Secretary Gregory SO said that the matter would be dealt with after the appointment, from LEUNG Chun-ying's circle of fans of course, of the Secretary, Under Secretary and Political Assistant of the new ITB. A few days ago, LEUNG Chun-ying has also been asked at a luncheon meeting about the plan he has for innovative and technological developments.

President, he was elected as the Chief Executive almost three years ago on 25 March 2012 and had asked Donald TSANG right at the beginning to propose to this Council the establishment of a new ITB, but the attempt ended up in a failure. After some serious thoughts to the issue for three years, he asked those present at the luncheon meeting to give him six more months so that a supporter from his circle of fans could be appointed as the Secretary of the new ITB before a detailed account would be given of his plan for innovative and technological developments. By then, everyone would be informed of the way to achieve an energizing effect as if getting the conception vessel and the governor vessel of human body through, so that a cross-department and multi-disciplinary plan straddling various policy areas could be formulated for innovative and technological developments. President, this is exactly what I have described as putting the cart before the horse and "crying up wine but selling vinegar". He is actually taking advantage of formulating a plan for innovative and technological developments to place more supporters of him in such positions as Bureau Secretaries so that there would be a larger number of political appointees from his camp in the government structure. We can describe the attempt as a conspiracy hidden under the cover of a noble cause.

It is even more outrageous that in order to establish a new ITB with no specific plan for innovative and technological developments, all other discussion items on the agenda had been removed suddenly though it was once claimed that

a re-arrangement of the order of discussion items was not feasible since important livelihood issues were involved. He has paid no regard at all to the dignity of the legislature and has considered Members of this Council as servants who are at his beck and call. Thus, with all irrefutable evidence, LEUNG Chun-ying's wickedness of practising favoritism in personnel matters as well as executive hegemony is really scornful.

President, LEUNG Chun-ying has in fact committed numerous "crimes" other than the six major evils mentioned above. He has tried to implement the brain-washing national education, planned to "dry up" RTHK, forcibly implemented the North East New Territories Development Plan, fired 87 canisters of tear gas at protesters, deployed an anti-riot squad against the people, and so on, and misdemeanors like these are far too numerous to provide an exhaustive list. However, the six evils cited above are adequate to reflect that LEUNG Chun-ying's administration in the past two and a half years is nibbling at the core values and disrupting the system of Hong Kong. These are also adequate evidence to prove that with an election system under which a small circle of people have become the "king makers", dictators who are plagued with problems and practising autocratic rule would only be elected to ultimately destroy the system we have established in Hong Kong all these years, the values we cherish and the cornerstone of our success.

President, Hong Kong was separated from our Motherland for over 150 years, during which a set of core values had been established by coincidence. The presence of this set of core values is precisely the reason why descendants of immigrants who fled the north were able to settle in Hong Kong and get on with their pursuit here, and this is also the determining factor for foreign businessmen to build up their confidence in making investment in Hong Kong, thus rendering Hong Kong a window through which the Mainland could reach out to the international world.

As pointed out in paragraph 18 of the Policy Address (I quote), "Industries in Hong Kong, regardless of scale, share a common advantage; that is, Hong Kong is an important link and a 'super-connector' between the Mainland and the rest of the world" (unquote). This shows that the core values of Hong Kong are definitely the lifeline of our city and I think both the pan-democrats and those of the pro-establishment camp would agree that this is a point not to be contested. However, it is extremely worrying that the values we cherish seem to be on the decline, together with the principle of the rule of law, the system of civil servants, the separation of powers, press freedom, the customary practice for the

Government to act according to objective criteria and with a high degree of transparency, and so on.

I have noticed that Hong Kong people have been criticized recently by our counterparts in the Mainland for being arrogant with our system, and there are also voices of dissatisfaction about our failure to understand the hardships that people in the Mainland have gone through all these years, the escalation of our resistance against the Mainland's ways of doing things since reunification and our making the problems found in China the subject of mockery. It is understandable that this kind of sentiments would inevitably be developed among Mainland people but I also hope that our fellow compatriots in the Mainland would give some thoughts to the following question: Would it be best for our country if Hong Kong is turned into just another ordinary city in the Mainland?

The reason for adopting the mode of "one country, two systems" instead of "one country, one system" back then after reunification is to try to retain the characteristics of Hong Kong so that the differences between the two systems would help to bring about certain gains to our country and facilitate its development. Therefore, this is not a matter of whether we are being arrogant but an attempt to ensure that there would be no assimilation of the core values of Hong Kong into the system of the Mainland so that the respective interests of the two systems can complement each other to achieve mutual benefits and common development. I believe it would not be helpful but harmful to the country if Hong Kong is turned into just another ordinary city in Mainland China and this will also shatter the confidence of foreign investors in Hong Kong.

President, as the saying goes, "Each place has its own way of supporting its own inhabitants". Hong Kong people share a set of unique core values which has become the same root that we all come from and if such a foundation is threatened, our response would exactly be what MAO Zedong has described, that is, "Where there is oppression, there is resistance". For example, the high-profile criticism from LEUNG Chun-ying against *Undergrad*, the official magazine of the Hong Kong University Students' Union, has made it one of the magazines with the highest sales volume recently, which just goes to expose the truth that the greater the pressure exerted, the stronger the resistance will become. Although we may have doubted our actual strength in the face of suppression and are well aware that our opponent would have no rival, it is our natural instinct to resist against the unjust cause of hegemonism as evidenced in the battle between David and Goliath.

As remarked by Mr LEE Yee in an interview of a television programme last week when he cited a famous quote from NIXON, the former President of the United States, although right is often overcome by might, might could never replace what is right. President, what an eloquent and forceful comment it is. In the face of suppression, Hong Kong people cannot and will not wait to be killed and drag out an ignoble existence though we are fighting a hopeless battle. We have no alternative but to resist, we are duty bound to do so in these troubled times and there is no room left for us to retreat.

It is human instinct to lead a life of dignity and freedom to become one's true self. If Beijing persists in doing things its own way and chooses to send us puppets like LEUNG Chun-ying over and over again to "clear away" the core values of Hong Kong and ask Hong Kong people over and over again to kneel down in front of Communist China, Hong Kong people must and will definitely ponder over a question: How should we decide our own destiny?

The upsurge of localism in recent years is actually a result of the increasing pressure exerted on us by the Central Government and LEUNG Chun-ying. By passing off screening as universal suffrage, totalitarian dictatorship as open democracy and using "one person, one vote" as the cosmetic measure to put up a show of pretence for small circle election, it is as clear as daylight that the Central Authorities do not really have the sincerity to promote universal suffrage. More obviously, in promoting universal suffrage, the SAR Government and the Central Government seldom mention the values behind, such as freedom, human rights, the concept of everyone is born equal, equal participation, and so on.

If the Central Authorities or the SAR Government do not find the above values agreeable, it would be fine to have an open debate on the issues. However, if such values are put aside with the only intention of deceiving everybody and muddling through by calling a stag a horse and telling lies, I do not think Hong Kong people will let it off so lightly and neither will they put their original goal behind.

On 1 July 1997, we looked forward to a democratic reunification and hoped that with the guarantee set out in the Sino-British Joint Declaration and its annexes and under the principles of "one country, two systems", "a high degree of autonomy", "Hong Kong people administering Hong Kong", maintaining the system of Hong Kong for 50 years, we could count on the promise of universal

suffrage as provided for in Articles 45 and 68 of the Basic Law to retain and preserve the values and structure of the system of Hong Kong. This is the original goal we still remember today. What is wrong with that, President?

I was evidently promised a bolt of white cloth back then but am now offered a bolt of black cloth instead. However, when I refused to accept and returned the bolt of cloth offered, insisting on having a bolt of white cloth, it was said to be my fault and a re-enlightenment was called for. What kind of rationale is this? Would we bring our children up with this sort of logic, President? President, if the cosmetic measure of false universal suffrage is employed so that the governance mode of the Mainland will be copied and introduced into Hong Kong, Hong Kong people will definitely find another way out.

Nativism is exactly a measure adopted by Hong Kong people to defend themselves since they consider that there is no intention on the part of the Central Authorities to fulfil the pledge as provided for in Articles 45 and 68 of the Basic Law to implement universal suffrage in Hong Kong. It is felt that the Central Authorities keep intervening into the affairs of Hong Kong, LEUNG Chun-ying's way of doing things is highly Mainlandized and nativism is thus necessary to uphold the core values and system of Hong Kong.

In particular, when "traitors" like LEUNG Chun-ying have open wide the door of Hong Kong to introduce into the territory all sorts of evil practices in one go and replace the original values and system of Hong Kong with such malpractices as the rule of man, the exercise of dictatorship, the struggle among people, the transfer of interests, the covering up for one's subordinates, playing hypocritical rhetoric, despising public opinion, how can Hong Kong people turn a blind eye to the situation? Thus, the so-called "nativism" involves not only the issue of according priority to the interests of Hong Kong people but also the need to give priority consideration to local values, and the basic logic of which is to safeguard the core values of Hong Kong.

If LEUNG Chun-ying tries to shift the focus by labelling all who cherish the values of Hong Kong as people advocating "Hong Kong independence" and colluding with external forces. The SAR Government and the Central Government will be even more unpopular and he himself will become a major driving force for advocating "Hong Kong independence". On the contrary, if

Hong Kong is a harmonious society with an efficient government, where people are leading a contented and peaceful life under a free and open atmosphere, President, who will bother to ponder over the question of deciding one's own destiny? Therefore, if some of our fellow people of Hong Kong are at odds with the Government and participate in the discussion of the independence of Hong Kong, it will be even more necessary for Beijing and the Chief Executive to reflect on themselves.

Finally, I would like to emphasize once again that the purpose of implementing universal suffrage in Hong Kong lies not only in fulfilling the pledge as provided for in Articles 45 and 68 of the Basic Law, but also in giving expression to our respect for the concept of all men are created equal. Only a Chief Executive candidate returned at an election in which the people can truly participate would act in the best interests of and be accountable to the public. However, election conducted under the framework of the 31 August Decision is doomed to be an unequal suffrage under which nomination can only be made by one party, that is, the Communist Party of China. This will only give rise to unequal treatments for different classes of people in the society.

Public recognition earned by a Chief Executive candidate returned at such an election is false, though hundreds of thousands of votes have been received. These are two totally different matters for Hong Kong people to fight for genuine universal suffrage and to engage in acts of secession or advocating "Hong Kong independence". Having a genuine universal suffrage in Hong Kong is completely in line with the principles of "Hong Kong people administering Hong Kong" and "a high degree of autonomy" and the elected Chief Executive is also abided by the Basic Law. On the contrary, having a false universal suffrage would trigger the self-protecting mechanism of Hong Kong people and lead to the upsurge of localism. If the Central Authorities really find the "Hong Kong independence" a risky political assertion, Hong Kong people should be allowed to elect our own Chief Executive in a truly autonomous way so as to gain back our faith in the Government.

President, the Central Authorities have been asking Hong Kong people to "pocket it first" and have faith in their willingness to further improve the electoral system in the future, but they have no trust in Hong Kong people and do not believe that a Chief Executive candidate who would act in the best interests of Hong Kong and our country would be elected. In the absence of mutual trust,

both parties would be put at a disadvantage. I hope the Central Authorities would understand the truth and follow good advice to respond to the aspiration and yearning of Hong Kong people for genuine universal suffrage. This is the only way to save Hong Kong from the current polarization in public opinion and prevent the society from tearing apart further so that we can build up a harmonious society with an efficient government once again and, just like what we have done in the past 150 years, continue to make contribution to our country under the unprecedented and brilliant design of "one country, two systems". This is not only my sincere wish, but also the hope of Hong Kong people.

I sincerely hope that the Policy Address this year would not become a document to unveil another round of political struggle in Hong Kong and LEUNG Chun-ying would bring order out of chaos as soon as possible.

I so submit.

**MR CHUNG KWOK-PAN** (in Cantonese): President, the theme of this debate session is economic development, and hence I will focus my speech on economic development and the development of industries.

President, economic development and development of industries are mentioned in the first few paragraphs of this year's Policy Address. However, after reading the entire Policy Address, we will see that despite the many paragraphs written in this respect, there is not any focal point giving people an idea of how the Government is going to develop the economy and industries of Hong Kong. Even though the Policy Address has mentioned about a number of areas we may develop, such as convention and exhibition services, it has made no mention of any details about when the relevant facilities will be developed or how the development will proceed. The Policy Address has also mentioned about other areas for development like innovation and technology, logistics, dispute resolution services, and so on, but each area is touched upon very briefly and not a single word has been said on how things should proceed. Hence, nobody knows what to do to promote the development of the said areas.

In each of the past three years, the Chief Executive has spent a substantial part of the year's Policy Address on economic development, thereby giving us the impression that the Government did attach great importance to our economy, the

problem was that it did not know how to promote economic development. However, we have also noticed one more point: the Chief Executive has been focusing his attention on developing the market on the Mainland. In his 2013 Policy Address, the Chief Executive proposed to focus on strengthening "homeland relationship"; in the 2014 Policy Address, he mentioned that Hong Kong should make the best out of the National 12th Five-Year Plan and the National 13th Five-Year Plan; whereas in this year's Policy Address, he has proposed that we should focus our attention on the various Free Trade Zones on the Mainland. In short, all he has been saying is that we should strive to develop the Mainland market. Certainly, developing the Mainland market is one option laid before us, but we should also bear in mind that as Hong Kong is an international city and China's only international city, developing the overseas markets should be of equal importance. However, the Policy Address has said nothing about developing the overseas markets, it has only referred to Hong Kong as an important link and a "super-connector" between the Mainland and the rest of the world. Indeed, Hong Kong can do a good job in playing this role. But then, the Policy Address has made no mention of how Hong Kong should link with other countries or collaborate with different overseas markets, the points raised therein were mainly related to enhancing the tides with the Mainland.

Naturally, the majority of the small and medium enterprises (SMEs) in Hong Kong are very much disappointed with the Policy Address. In last year's Policy Address, about some 300 words involving "SMEs" could be found; however, there is no mention of the SMEs in this year's Policy Address at all, even though the majority of the firms in Hong Kong are SMEs. It is true that the economic development of Hong Kong is not too bad at the moment, and the unemployment is just 3%, but the Financial Secretary has pointed in his blog time and again that we should remain vigilant as the external economic environment is still unstable. So, will the SMEs really be faced with a worrying business environment? Indeed, the business environment will be worrying. That being the case, I am really surprised to find that the Policy Address has made no mention of the SMEs which make up 90% of the firms in Hong Kong. Does that mean the Chief Executive cares nothing about the business environment of Hong Kong's SMEs?

We all know that the Chief Executive established the Economic Development Commission shortly after he had assumed office. However, what has the Commission studied in the past two years? It seems to me that no

reports have been made in this respect so far. I believe none of the Members present in this Chamber has any idea of what consultation exercise or discussion the Commission has conducted in these past two years, not to say any results it has so attained or any industries it has recommended for development. This is because not a single report has been published so far, nor has the Commission stated openly the topics it had discussed. Perhaps we may be able to obtain some information from the Internet, but why should the Commission not make public what suitable industries it has discussed? I will speak more on that later, as I do find some suitable industries and would like recommend them for further development.

Some pan-democrat Members have asked the Chief Executive on different occasions or at different committee meetings to "repay his debts", and the debts are in fact the pledges he has made in his Manifesto for the Chief Executive Election which have yet to be fulfilled. While many of the pledges are naturally related to the demands of the labour sector, the business sector also has to urge the Chief Executive to "repay his debts" in many aspects. Such debts are indeed some very simple and trivial matters. In his Manifesto for the Election, the Chief Executive has made pledges like "Active support for SMEs" and "Promoting industrial development and innovative technology". In this connection, while the pledge related to innovative technology can be regarded as fulfilled, as the discussion on the proposal to establish the Innovation and Technology Bureau is in progress, the pledge to promote industrial development has vanished without a trace. The Government has recently put forward a New Agricultural Policy — I really envy Mr Steven HO, as the Government cares so much about the agriculture and fisheries sector that he represents. In my view, regardless of what policies or industries are involved, it is good to have any new development and such development is worth giving support to.

Last week, I had an appointment with Secretary Gregory SO and I asked him why did the Government not consider formulating a New Industrial Policy, given that it was considering implementing a New Agricultural Policy. I believe Members all agree that compared to the agriculture and fisheries sector, the economic effectiveness of and employment market to be created by the industrial sector should be far greater. Now that the Government has put forward a new policy to cater for the agriculture and fisheries sector, why does it not consider developing our industries? Many Members from different parties and factions are now present in this Chamber, and they have asked the Administrations on

various occasions whether it is totally impossible for industries to develop in Hong Kong. We can see that recently, the Governments of the United States and the United Kingdom have been investing extensively in and promoting the development of industries to attract industrialists to return, or formulating industrial policies to attract industrialist to come home to operate their businesses. Even though operating costs in the United States and the United Kingdom are comparatively higher than Hong Kong, their governments still strive to promote the development of industries and consider supporting and attracting different industries, why does the Government of the Special Administrative Region (SAR) do the same?

When I met with Secretary Gregory SO last week, he asked me frankly how Hong Kong's industries should develop in actual terms. I promised the Secretary that the various trades of the industrial sector would think about that together and give him our recommendations. Hence, I have invited some industrialist to hold a meeting tomorrow evening. We will sit together and deliberate on the recommendations we could give Secretary SO ― but now only Under Secretary LEUNG is present. We will tell the SAR Government what the industrial sector currently needs and what we hope to achieve. Rather than waiting for the SAR Government to formulate polices for the industrial sector to follow, we will make clear what the industrial sector will proactively do, so that the SAR Government can complement our efforts. In my view, different sectors should also take this move actively. We need to know that the government officials may not have enough knowledge about every sector, if different sectors and industries take the initiative to provide advice for the Government, I am sure we can yield twice the result with half the effort.

President, just now I mentioned that "Active support for SMEs" and "Promoting industrial development" were among the pledges made by the Chief Executive in his Manifesto for Election. In his Manifesto, he has particularly talked about "supporting Hong Kong manufacturers in restructuring their business model" and proposed that some of Hong Kong's production could be upgraded and promoted, such as the electronic products in Sham Shui Po, and the garments and textile products in Cheung Sha Wan. Even though these trades were highlighted in the Chief Executive's Manifesto, no actions have been taken so far. Hence, in addition to the pan-democrat Members and Members representing the labour sector, Members from the industrial and business sectors also have to urge him to "repay his debts". Indeed, such pledges are in black and white and it is

not difficult to fulfil them, as the Government does not need to put in a lot of resources. Let me cite an example. The electronics industry in Sham Shui Po and the garments and textile industry in Cheung Sha Wan have been in place and operating for years, if the Government put in some resources to promote them or formulate support policies for them, they can "move upward" very quickly. On the other hand, regarding the "high value-added maritime services" which the Chief Executive has proposed to develop in the Policy Address, I believe the development in this respect will take quite some time, and it is doubtful whether any meaningful results can be achieved in eight to 10 years' time.

Just now I have also mentioned about industries taking the initiative to voice out their upcoming development direction. As a matter of fact, so doing can achieve some meaning results. In the past year, I and Secretary SO and the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries under the Economic Development Commission jointly formed an Expert Group on Fashion Industry. The Expert Group has already made some recommendations upon discussion. As pointed out by Secretary SO at the Panel on Commerce and Industry, so far 10 different recommendations have been put forward to help promote the fashion industry. Actually, the fashion industry can support one of the development ideas the Chief Executive has mentioned in this year's Policy Address, which is the development of intellectual property and the film industry. As the fashion industry is closely linked with intellectual property, if one industry can develop, other related industries like intellectual property, and so on, can also develop correspondingly. As regards the film industry, we all know that the production of a movie often involves fashion designing and art designing. So, these are the areas which the fashion industry can develop in conjunction with Hong Kong's creative industries.

Nevertheless, I have found one thing in the Policy Address rather odd and self-contradictory. In paragraph 54 under the subheading Creative Industries, the Chief Executive pointed out that as during the relevant period, the value added of the design sector had tripled, the Government would maintain its support for the Hong Kong Design Centre, so as to provide subsidies and support for the local young designers. However, what I have found odd is that according to my understanding, the Government will probably be cutting the resources earmarked for the Hong Kong Design Centre in the coming five years, and yet the Chief Executive is now saying in the Policy Address that the Government will support the Hong Kong Design Centre's development. I have no idea which one

is true, one source says the support for the Centre will be maintained while the other says the Centre's resources will be cut. As both the Secretary and Under Secretary are now present, I hereby urge them to look into the matter and find out what has given rise to such a situation.

President, I would like to raise one more point on economic development, and it is about investor immigrants, an immigrant category most welcomed by different places of the world. We all know about the emigration waves in the 1980s where many Hong Kong people were emigrating to Canada, Australia, New Zealand and the United Kingdom. Among the immigration applications they have filed, the ones which enjoyed priority for approval were those under the investment immigration category. But then, the recent development in Hong Kong is exactly to the opposite direction, as the Government has revoked the policy across the board. Certainly, we need to take a look at Hong Kong's Capital Investment Entrant Scheme. Initially (in 2003), buying a $6 million flat in Hong Kong would be enough for securing right of abode in Hong Kong. However, two years ago, the investment requirement was raised to $10 million, and buying real estate property would not be accepted as an investment. We understand that such a change was introduced to deal with the impact of the Scheme on property prices, and hence we consider the change a normal move. Nevertheless, the Government should not revoke the policy across the board. The Government may make it clear that Hong Kong does not need so many immigrants now and then set a quota of 500 or 1 000 immigrants a year; besides, it may also require the investor immigrants to possess certain academic qualifications or to set up and operate firms in Hong Kong to create employment opportunities. Instead of revoking the investment immigration policy across the board, the Government may require applicants to employ a certain number of Hong Kong employees in order to meet the application criteria.

The Chief Executive has once mentioned that Hong Kong is in need of talents rather than money. No doubt we are in need of talents, but in addition to injecting money into Hong Kong, the investor immigrants are also bringing us talents. That being the case, why should we say no to them? If Hong Kong really does not need more money, I just cannot wait to listen to Budget speech to be delivered by the Financial Secretary on 25 February, as I want to see how much money he is going to spend on our society or the Hong Kong people in need. Perhaps Hong Kong really does not attach great importance to investment immigration, but if we amend our policy to require the investor immigrants to set

up firms in Hong Kong and create employment opportunities or invest in some new industries, why should we not welcome investor immigrants? I am really surprised to see the Government's approach to this issue.

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

Last but not least, Deputy President, I wish to point out that the Policy Address has not touched upon the upward movement issue of our younger generations. I believe Members are all aware of the recent Umbrella Movement, and that this movement has eventually led us to think about the upward movement or future development of our younger generations. However, the Policy Address has said nothing about that. Hence, I am very disappointed. What is most important to our younger generations? Certainly, they all hope to fulfil their dreams and have expectations about their future development, some may even look forward to homeownership and a smooth career path, the opportunity to live in peace and enjoy their work, and so on. Hence, I am really disappointed to see how the Policy Address has responded to the concerns of the young people participating in the Umbrella Movement.

Deputy President, as the theme of this debate session is economic development, I wish to take this opportunity to raise this question: Given that the Policy Address has hardly touched upon the development of industries or support for the middle class and SMEs, is the Financial Secretary planning to propose concrete measures to benefit the middle class, support the SMEs and promote the development of industries in his Budget speech to be delivered on 25 February? I am waiting eagerly for that.

Deputy President, I so submit.

**MR GARY FAN** (in Cantonese): The Neo Democrats is against the Motion of Thanks to the policy address moved by Mr Andrew LEUNG. It is because in the Policy Address this year, the Chief Executive, Mr LEUNG Chun-ying, only continues to flatter the Communist Party while betraying Hong Kong. He continues to distort and trample on the core spirits of "Hong Kong people ruling Hong Kong" and "high degree of autonomy" of Hong Kong. Not only has he failed to recognize clearly the wish of Hong Kong people towards democracy and

freedom, he has also failed to put forward any effective measures to really solve the livelihood problems and social contradictions that Hong Kong people are facing every day.

The Neo Democrats opines that for all matters concerning the political system, economic development and livelihood aspirations of the general public, they should be locally based and top priority should be given to the needs of Hong Kong people. We should definitely not flatter the Communist Party while betraying Hong Kong, and should not always rely on the Mainland, as this will affect the administration of the SAR Government, and "one country, two systems" will perish and exist in name only.

Deputy President, the economic policy mentioned in the Policy Address this year is Mainland-oriented. It is said repeatedly that Hong Kong will turn to the international market, but economically, it continues to further rely on the Mainland. A number of policies promoting economic development are assisting the Hong Kong businessmen to enter the Mainland market. They do not help in developing locally-based economy.

Paragraph 22 of the policy address points out that the SAR Government has to support the 13th Five-Year Plan, which is the 13th Five-Year Plan of Mainland China, and has already submitted its proposals to the Beijing Government. The Five-Year Plan is the economic and social development plan of a socialist government. If the SAR Government has to support the 13th Five-Year Plan, it is undoubtedly trampling on "one country, two systems". The Five-Year Plan was first introduced during the rule of STALIN in the Communist Soviet Union, and was a national economic plan. Under the Five-Year Plan, the Communist Government is in an absolutely leading position. In the circumstance of insufficient resources, there will be redistribution of resources. Therefore, the Five-Year Plan is divergent from the capitalist system practised over the years in Hong Kong in principle.

However, the paper from the Commission on Strategic Development released recently shows that in November last year (that is, 2014), Mr SHIU Sin-por, Head of Central Policy Unit, already suggested that when formulating the proposals of Hong Kong for the Five-Year Plan, Hong Kong had to consider the proposals which might not bring any immediate benefits to Hong Kong itself, but would be beneficial to the country as a whole. Some members even suggested that when preparing proposals of Hong Kong for the Five-Year Plan,

Hong Kong had to take reference from various provinces of the Mainland and in accordance with the policies supported by the Beijing Government. That is putting the Mainland interests above the interests of Hong Kong itself, and is giving up the decision making power on the formulation of policies to the Beijing Government by the SAR Government.

Deputy President, Article 22 of the Basic Law states that the Beijing Government cannot interfere in the affairs which Hong Kong administers on its own in accordance with the Basic Law. There are no grounds that the SAR Government should sacrifice its power safeguarded by the Basic Law for the sake of participating in the Five-Year Plan of the Mainland. In this way, LEUNG Chun-ying is betraying the interests of Hong Kong people.

Deputy President, if the SAR Government has to ask for permission from the Beijing Government for every administrative policy, and can implement the measure only after obtaining the permission from the Beijing Government, this is tantamount to handing over the resources and fortune of Hong Kong people to the Beijing Government.

Deputy President, the Individual Visit Scheme (IVS) and the "multiple-entry permits" measure, which have been disturbing the living of Hong Kong people, are obvious examples. In particular, the Shenzhen residents coming to Hong Kong with "multiple-entry permits" have turned the districts such as Sheung Shui, Fanling, Yuen Long, Tuen Mun into the paradise of goods smugglers and parallel goods traders. The daily necessities intentionally being sold to Hong Kong people, such as formula milk powder, baby diapers, instant noodles and Yakult drinks, are being transported by these parallel goods traders to the Mainland for the consumption by the Mainlanders. The shops selling these daily necessities in Hong Kong have thus become parallel goods stores. The "multiple-entry permits" measure has included Hong Kong into the "one-hour living circle" of Shenzhen. The Mainland travellers, even though they are not parallel goods traders, use quite a lot of community resources of Hong Kong, such as swimming pools and museums. The daily living space of Hong Kong people is squeezed to satisfy LEUNG Chun-ying's political mission of integration of Shenzhen and Hong Kong.

Deputy President, in the 2014 Policy Address, due to the pressure of public opinions then, LEUNG Chun-ying was forced to undertake reviewing the IVS, especially the "multiple-entry permits" measure. The Assessment Report on

Hong Kong's Capacity to Receive Tourists to be made by the Commerce and Economic Development Bureau was also completed last year. However, in the Policy Address this year, there is no follow-up in such work. In the section on tourist industry, it only repeatedly mentions the building of hotels and tourist facilities. Not a word has been said nor any study has been taken on whether there will be restriction on the IVS or the abolition of "multiple-entry permits" measure. Does the policy of the SAR Government lack continuity? Or is the Government only procrastinating all along? Or at the very beginning under the pretext of so-called review or study to create some public opinions for pacifying the discontented emotions in society, and in fact it only wants to let the development of tourist industry inclining towards the Mainland, disregarding the endurance of Hong Kong and Hong Kong people?

Deputy President, since the tourist industry in Hong Kong relies too much on Mainland tourists, it will be easily affected by the economic conditions of the Mainland. The Hong Kong Tourism Board (HKTB) announced earlier that the per capita spending of overnight vacation visitors in Hong Kong last year dropped for the first time in 10 years. Dr Peter LAM, Chairman of the HKTB, took this opportunity and surprisingly asked for more opening of the IVS. This obviously is putting the cart before the horse. Since the introduction of the IVS in 2003, the per capita spending of overnight vacation visitors has been leading by the Mainland tourists who purchase large quantity of luxurious products, while there is shortage of other support. In 2014, among the 60 million tourists visiting Hong Kong, about 78% of them were Mainland tourists. This is not a healthy inclination. Once the economic condition of the Mainland has turned bad, the development of tourist industry in Hong Kong will be seriously affected. The Government should attract more visitors from other countries as soon as possible so as to minimize the crowding out effect. It also needs to explore other diversified travelling patterns, such as eco-tourism, so as to avoid being limited to the existing single pattern of Mainland IVS visitors coming to Hong Kong for shopping purpose.

With the SAR Government inclining more to the development of tourism, among the industries in the Hong Kong economy, apart from the main industries of finance and real estate in the past, the service industry is getting more important. Hence, the occupation situation of young people in Hong Kong is suffering downward movement. According to the data of the Census and Statistics Department, young people aged between 15 and 24 in Hong Kong engaging in service and sales work accounted for 23.6% of the entire working

population in 2001. The figure rose drastically to 34% in 2011. However, during the same period, young people aged between 15 and 24 in Hong Kong taking up managerial and professional positions has only increased from 21.4% of the entire working population in 2001 to 22.9% in 2011. The figure has only slightly risen by 1.5% in 10 years. Many young people who have received tertiary education can only engage in service and sales work with lower level of salary.

Deputy President, over the years, Hong Kong has been placing too much importance on the development of real estate and finance. This has deprived a generation of young people of more employment opportunities at higher technological levels. However, the Government's approach to develop other economic areas is not one that aim at training more young people in Hong Kong. Instead, in the Policy Address this year, the Government proposes to relax the admission of Mainland talents and professionals, and to draw up a talent list. Obviously, this will undoubtedly further block the young people in Hong Kong from moving upwards, and they can only engage in industries that serve the Mainland visitors, while occupations requiring higher skills will be monopolized by Mainland professionals. This is blatantly and truly a "demographic reshuffling" scheme.

Deputy President, a newspaper has quoted from the source of information that the talent list in the policy address involves very detailed and wide range of occupations, ranging from lawyers, primary and secondary school teachers, social workers, to movie and music professionals. The Neo Democrats opines that when drawing up the talent list, the Government has not consulted the industries concerned. Besides, the different occupations involved are not devoid of local manpower. For example, in the fields of movie and music, there are not a few local talents. Many local young people do not enter these occupations because of insufficient support from the Government. Once the primary and secondary school teachers trained in the Mainland are admitted, to be supported by the policies of sister schools between Hong Kong and China, as well as using Putonghua to teach the Chinese Language subject, the hindrance against the introduction of the "brain-washing" national education by the Government will be minimized. And I will not acknowledge this way.

Deputy President, the Assessment Report on Hong Kong's Capacity to Receive Tourists completed by the Commerce and Economic Development Bureau last year has already pointed out that too many IVS visitors and tourists

holding the "multiple-entry permits" have rendered the railway system of Hong Kong over-burdened. However, the Government does not face squarely the problem of Hong Kong railway system. The Secretary for Financial Services and the Treasury, as the Executive Director of the MTR Corporation Limited (MTRCL), has not actively carried out the responsibility as the major shareholder of the MTRCL in monitoring and asking the MTRCL to step up its internal management. On the contrary, during the past year, due to dereliction of duty and shirking of responsibility on the part of the Government, the railway projects were all over budget and delayed. And the railway service quality is also getting worse.

In regard to the service performance of the MTRCL, not only has it been unable to cope with a large number of IVS visitors, it also focuses its resources on five delayed and over-budget railway projects so as to meet the schedule. As a result, the daily management and maintenance work is being affected. Nevertheless, in the meeting of the Commission on Strategic Development, LEUNG Chun-ying proposed to consolidate Hong Kong as the platform of Mainland enterprises in exploring the international market, and one of the possibilities was to study whether the MTRCL could co-operate with the high speed rail corporation of the Mainland in bidding overseas projects.

Deputy President, in the past, the Neo Democrats has been asking the MTRCL to get back to its main business of railway transportation, instead of diverting its attention to developing property business and engaging in railway works under contract. Nonetheless, not only is the Government not responding to these aspirations, but it even asks the locally based public utility of Hong Kong to act as a stepping stone for Mainland enterprises to enter the international market. It has neglected the MTRCL's role as the operator of a mass transit system and is oblivious to the capacity of the MTR. This is a demonstration of flattering the Communist Party while betraying Hong Kong to the irrational extent.

Deputy President, concerning the development of creative industries, the Government's support is also far from sufficient. In regard to the suggestion of encouraging more local film production in the policy address, if only more films are being shot jointly with the Mainland while the Mainland will be the major market, the characteristics of local film will be further tarnished. We shall refer to the Taiwan film industry which has very good results in recent years. It was at a low ebb in the 1990s. In 2006, Taiwan films flopped badly to only 1.62% of

the box office earnings in the Taiwan market. It was not until 2008 when a very successful film called Cape No. 7, which was full of local characteristics, came out that the films produced by Taiwan had drawn people's attention again.

There are some outstanding Taiwanese films like Winds of September, You Are the Apple of My Eye and Warriors of the Rainbow: Seediq Bale. All these are about Taiwanese history or contemporary cultural phenomena. These are not the major elements in the Hollywood mega movies or A-grade movies. If the SAR Government continues to support the industry in the form of encouraging jointly produced films, with the degree of isolation in the Mainland market which throttles freedom of creativity, the local films produced jointly will only lose their attractiveness.

Deputy President, the City University of Hong Kong and the University of London earlier conducted a study on the young people from Beijing who were working in Hong Kong. They found that in 10 Beijing people working in Hong Kong, three of them, who had been working in Hong Kong for nearly 10 years, were concerned about the suppression of democracy in Hong Kong. They also thought that once Hong Kong was unable to maintain the edge in our systems, they would definitely leave Hong Kong. Deputy President, what the talents and foreign capital truly worry is actually the democratic development of Hong Kong. What truly destroy the Hong Kong economy are the policy objectives of LEUNG Chun-ying which flatter the Communist Party while betraying Hong Kong, and which are full of political struggles. The Neo Democrats is in the opinion that if Hong Kong continues to be Mainlandized, it will be deserted by the international society. We will lose our status as a cosmopolitan city which we have been so proud of, and will then become a subordinate city of Mainland China while the original edge of the systems in Hong Kong will be lost.

Nevertheless, the Policy Address this year does not undertake to fight for a genuine universal and equal Chief Executive election system for the Hong Kong people, so that Hong Kong people can have genuine choices. On the contrary, it spends a lot of money and wastes public money in the propaganda. It asks Hong Kong people to "pocket" a "fake universal suffrage" option, and lays down a Chief Executive election with screening condition for the Hong Kong people. It even denounces in writing some opinions disagreeable to the Government. It criticizes *Undergrad*, the official magazine of the Hong Kong University Students' Union. I have satirically said that LEUNG Chun-ying was like a cuttlefish, as he has denigrated the indigenousness and localist ideology catalyzed

by the serious conflicts between people from Hong Kong and China in the past as the "Hong Kong independence". Through the important platform of announcing the policy address, LEUNG Chun-ying asked Hong Kong people to stay alert. However, this obviously is a trick of the Chief Executive in diverting people's attention.

LEUNG Chun-ying flatters the Communist Party while betraying Hong Kong. The administration that betrays the interests of Hong Kong people will only make the Beijing Government and the SAR Government lose the trust of a whole generation of young people in Hong Kong. In addition, during the discussion of politics in the Legislative Council, the royalists are all yes men. They yell and shout just like uncles in the Victoria Park. They use words like traitors, stooges, foreign forces and "Hong Kong independence". This is the sloganized way of discussing politics by the pro-establishment camp or the royalists. There is no rational discussion. They do not face the problem squarely and do not study the causes of the deep-rooted problems in the Hong Kong society. This will not help in the economic, social, livelihood and constitutional development of Hong Kong. Hence, Deputy President, I oppose the Motion of Thanks to the Policy Address.

Deputy President, I so submit.

**MR ALBERT CHAN** (in Cantonese): Deputy President, before I formally begin to comment on the Policy Address, I would like to take this opportunity to mourn the passing away of "Hope", the mascot white dolphin of Hong Kong. This white dolphin named "Hope" was earlier discovered by avid members of the public when it haunted the waters off western Lantau. It was badly wounded. After repeated efforts by a group of avid citizens, including members of Sea Shepherd, to look for it out at sea to rescue it, "Hope" was turned over to Ocean Park. Despite the care it received there, "Hope" was finally euthanized yesterday as it was too seriously wounded.

I grieve the passing away of this white dolphin "Hope" as if I did so to my fellow beings. White dolphins are mascots in which Hong Kong takes pride, but the numerous massive marine works undertaken by the Government lately have substantially reduced their habitat. The white dolphin "Hope" was seriously wounded by the propellers of the tourist vessels in the waters off western Lantau where traffic was heavy. While human and policy errors had led to the wounds suffered by "Hope", no one bothered. Even the Agriculture, Fisheries and

Conservation Department (AFCD) did not offer assistance proactively. The society finally became concerned when a group of non-Chinese who have resided in Hong Kong for years rescued the dolphin with their money and efforts.

I originally intended to go out to sea with Gary, a member of Sea Shepherd, to look for this white dolphin but as I had contracted influenza, I could not offer my assistance as wished. I am still very regretful. Subsequently, I learned that the volunteers had found the white dolphin and handed it over to Ocean Park. Unfortunately, despite the Park's care, it could not be rescued in the end. The death of the white dolphin can be likened to the Hong Kong which we once knew — a place of hope and opportunities. However, under the rule of the communists in Hong Kong, it has gradually degenerated. I would like to express my deep sorrow over the death of "Hope".

**MR ALBERT CHAN**: I would like to use this opportunity to extend my gratitude and thanks to Gary and all those volunteers involved in the campaign to save "Hope". Without their efforts, "Hope" will vanish without a trace. Their efforts have aroused public awareness and media attention on "Hope". Gary, Sea Shepherd and Ocean Park, thank you for your efforts and work in this saving campaign.

**MR ALBERT CHAN** (in Cantonese): Deputy President, looking around the world at different times, history has repeatedly proven that after a massive political and social movement, if a regime fails to respond to the basic aspirations of the people, it will definitely be cast aside by the people and will ultimately come to its end. The fate of those in power will also be very miserable.

In France, since Louis XVI then did not respond to the demand of the bourgeoisie for a fair tax system and political rights, it finally led to the French Revolution. Louis XVI and his wife were sent to the guillotine, and his son also later died of maltreatment. As for the Russian Tsar, after suppressing numerous strikes in bloodshed in 1905, workers' pay and benefits still saw no improvement, and the voice of resistance of the working class grew louder and louder. At last, in 1917, the Russian Tsar was toppled and his whole family was executed. In 1949, the Kuomintang lost its regime on the Mainland because after the war of resistance, it failed to respond to the aspirations of the people for equal land rights, price suppression and a crackdown on corruption. This gave the Chinese communists an opportunity to usurp the state with violence to establish their system.

The present predicament of the people of Hong Kong is no better than that of the French in the 18th century and the Russians in the 20th century. Our rents are rocketing, and many conventional shops are forced to wind up. The prices of flats for first-time home owners are astronomical and rents are exorbitant, forcing even a large number of professionals to live in "sub-divided units". The general public have to wait for at least seven trains before they can get on the MTR, which sees annual increase in fares and frequent failures. Some people have to wait for an hour to get on a bus. The public is forced to drink the filthy water from Dongjiang and breathe in the exhaust air coming down southwards from the factories in the Pearl River Delta. Parents in Hong Kong have to scramble with parallel goods traders for powder formula for their infants. Hong Kong taxpayers have to fight for kindergarten places or even local primary school places with the Mainland parents who have no Hong Kong ties. It can be said that nowadays, the livelihood of the Hong Kong people has gradually been "Mainlandized", and many people have shifted their anger to the "locusts".

I remember when we took part in politics as Members of the Legislative Council in the 1990s, the public were extremely angry with collusion between the Government and the business sector and property hegemony. Yet, in recent years, people of all classes have lopsidedly attributed any social discontent or unreasonable phenomenon to integration between China and Hong Kong and the "locusts", and blamed the "locusts" for all social problems scourging Hong Kong. The culprit for all these boils down to the regime of the communists in Hong Kong which is lenient to the parallel goods traders and which strongly advocates integration between China and Hong Kong.

When compared with our deteriorating living, what is more worrying is that the core values which Hong Kong takes pride in are collapsing like buildings under the malpractice of the regime of the communists in Hong Kong. As our quality of life worsens and our human dignity being repeatedly trampled upon, people of all classes are exasperated. From the "unemployed useless youth" referred to by the bigwigs, to the retired middle class who can lead a carefree life, everyone has expressed strong discontent with the failure of the Government to address existing social problems. Many former high government officials, including the former ICAC Commissioner, criticized the Government strongly. They said that the four major values of quality, professional, clean and politically neutral which the Civil Service was proud of in the 1990s had vanished completely long ago.

Taking a look back at the predicament of Hong Kong in the past 17 years, though branded as the middle class, the public and the small business owners are in fact no different from the workers who were trampled upon by the capitalists and the serfs exploited by the feudal landlords in Russia in the 20th century. Nominally, Hong Kong people can enjoy "Hong Kong people administering Hong Kong" but actually, they are like the bourgeoisie before the French Revolution who were reduced to second-class people with their basic political rights stripped off under the "three tier parliament".

What makes us most disappointed is that when the people wish to see the implementation of genuine universal suffrage in 2017 to elect a government which will listen to people's opinions and address the present social problems, the bigwigs anointed by the Chinese Communist Party are nonetheless depriving them of the right to nominate the Chief Executive by all means. The 31 August Decision promulgated by the Chinese Communist Party is starkly in violation of its promise of universal suffrage to the Hong Kong public.

Just as what the Hong Kong Federation of Students said in their manifesto for the "922 class boycott": "You can only rely on the locals to resist desperately in order to reverse the fate." The people's exasperation triggered the 79 day-long Umbrella Movement. The opinion poll conducted by the University of Hong Kong (HKU) estimated that as many as 1.2 million people took part in this mass movement of a magnificent scale which has shocked the world.

With the people's grievances running high and the opposition voices getting stronger, if the regime fails to actively respond to the public's aspirations, the people's sentiment to resist will definitely grow gradually. Their means to resist afterwards will only become more drastic.

For instance, for the African-American Civil Rights Movement which took place in the United States during the 1950s and the 1960s, although Martin Luther KING resisted with peaceful means, MALCOLM X resorted to violence to fight for equal rights for the black. In the 1960s, in Italy, although political parties in support of communism took part in politics, the radical organization of Red Brigades resisted capitalism by carrying out assassinations and kidnappings.

With radical forces gaining ground, a liberal regime would resort to all means to respond to the people's aspirations to ease the emotions of the discontent. For example, the American Government recognized the various

rights of the black, the Italian Government improved workers' pay. All such measures can successfully thwart the radical forces and lead society to stability.

However, banking on the 30 000 "evil cops" and the 1 million-strong People's Liberation Army, not only has the regime which is currying favour with the communists under the "Wolf" LEUNG Chun-ying not learned from history, but it has also bucked the trend. Although this year's Policy Address was the first to be released on the heels of the Umbrella Movement, we find it infuriating that it has entirely neglected the aspirations of the Movement. The communist regime in Hong Kong budges not an inch on political reform. In terms of social and livelihood issues, it also has not paid attention to the public's demand for restricting the Individual Visit Scheme (IVS) and the issuance of multiple-entry Individual Visit Endorsements. To make matters worse, the Government plans to extend the IVS to cover more Mainland cities, and expects the number of tourists to increase to 64 million in 2015, which is a 6% rise as compared with this year's 60.8 million. This move by "689" will surely spur the people's hostile sentiment against the Mainlanders further.

Moreover, the people expressed their aspiration for genuine universal suffrage through the peaceful, rational and non-violent Umbrella Movement, but this was smeared by the communist regime in Hong Kong as an illegal movement manipulated by external forces, and insisted on implementing the "fake universal suffrage" proposal which featured screening. When the HKU students seriously discussed the topics of "Hong Kong people administering Hong Kong" and the core values of Hong Kong through *Undergrad* and *Hong Kong Nationalism*, the communist regime in Hong Kong lashed out recklessly at these student publications through the Policy Address.

In response to the Policy Address, the People Power has submitted a proposal entitled "Resignation *en masse* of the Government, Immediate implementation of Universal Suffrage, Eradication of Poverty, Improvement of the Environment, Formulation of Policies in line with Local Interest". The 75-page proposal contained 56 000 words and recommended that the Government implement civic nomination for Chief Executive candidates; increase housing supply by recovering land used by the People's Liberation Army; develop the fisheries industry and high value-added industries; distribute $10,000 to each Hong Kong citizen; in particular, regain the right to approve the arrival of Mainlanders to Hong Kong, and implement universal retirement protection. Yet, the regime under "689", or "the Wolf" LEUNG Chun-ying, has turned a deaf ear to the proposals of the People Power.

In our proposal, the People Power also emphasized that economic development for the Hong Kong society must be based on local features. If we rely on economic bailout by the Mainland in all aspects, Hong Kong will only be reduced to the Mainland's economic appendage. Take Singapore which does not rely on the Mainland's economy as an example. Their present GDP has well surpassed that of Hong Kong. For the implementation of "Hong Kong people administering Hong Kong", apart from having to put in place democracy in the political respect, we also have to develop an economy which features local characteristics. Yet, the Government under "the Wolf" LEUNG Chun-ying is still intent on pushing for integration between China and Hong Kong, so that private enterprises and state enterprises can further manipulate Hong Kong's economy. I have to point out here that further Mainlandization of Hong Kong's economy will only serve to spur the sentiments of the Hong Kong people to resist communism more.

As the saying goes: "Stopping the mouth of the people is more harmful than stopping a river … Therefore, one can only dredge the water passages when dealing with a flooding river". Even rulers in the feudal times knew that when the people made loud and rowdy roars, they had to respond to the people's demand, otherwise, the sentiment of resistance would further escalate. The approaches taken by the masses would become more and more drastic, and some would even resort to violence to fight the despotic regime. Earlier, I mentioned the African-American Civil Rights Movement in the United States, and the carrying out of assassinations by the Red Brigades in Italy to fight for power. Although the People Power still insists on non-violent resistance, I have to warn the communist regime in Hong Kong against reckless moves to crackdown on discontent, thinking that it has the support of the "evil cops" and the backing of the People's Liberation Army. It should not think that by resorting to violent intimidation and white terror, it can coerce the people into abandoning their aspiration for dignity, freedom and democracy. Laozi said: "When the people do not fear what they ought to fear, that which is their great dread will come on them". History tells us that when the people awaken, the flood of democracy is irresistible. If the Government under "the Wolf" LEUNG Chun-ying and the communist regime in Hong Kong still attempt to apply the colonial mode of governance for Tibet and Xinjiang to Hong Kong, they will only ruin "one country, two systems" and push Hong Kong to the road of "Hong Kong independence". The means of resistance will turn violent and go underground. The Umbrella Movement has sent a warning to the despotic regime, and the people's power of indignation is ready for a take-off. If suppressed, an

irreversible and formidable resistance movement is bound to break out sooner or later, and the despotic regime will definitely be wiped out.

Deputy President, although the Umbrella Movement has been cleared, it will be the year of the ram in over a week. Here, I am opening this umbrella which represents the Umbrella Movement. On this umbrella, it is written "Open the umbrella, cheer on", which explains the meaning of "I am not the only one" (並非只有我), as we all have our dreams. To usher in the year of the ram, my office has prepared two couplets, both bearing the Chinese characters demanding genuine universal suffrage. With the authorization of the author, one has printed on it in gold colour the umbrella which appeared on the banner that was hung down the Lion Rock. My wish in the Year of the Ram is the implementation of genuine universal suffrage, and the bringing down of the communist regime in Hong Kong and "689". I want genuine universal suffrage, and return to me my basic rights.

**MR CHARLES PETER MOK** (in Cantonese): Deputy President, the Policy Address delivered by Chief Executive LEUNG Chun-ying this year can be described as "old wine in an old bottle". Since he is just selling some "used products" as if they were new, I honestly cannot find any reason to thank him. Instead, I am thinking whether I should lodge a complaint against him at the Consumer Council. The Policy Address this year gives me the feeling that it has repeated many existing measures, but he still wants to claim credit for this.

In the case of the Innovation and Technology Fund (the Fund), for example, it has injected funding of $8.9 billion into more than 4 250 projects over the period between 2000 and the end of November 2014. Following the review conducted by the Innovation and Technology Commission last year, the Chief Executive has announced a further injection of $5 billion and also the incorporation of the Research and Development Cash Rebate Scheme into the Fund. The funding injection 15 years ago amounted to $5 billion, and after 15 years, the amount of funding injection is still $5 billion. If inflation is included in the computation, it has actually decreased.

Apart from reducing expenditure, the Government has also adhered to the approach of granting subsidies to enterprises and research centres. I wonder if doing so is still sufficient. In November last year, the Organization for Economic Co-operation and Development published a study report entitled the

OECD Science, Technology and Industry Outlook 2014. It covers the innovation and technology policies in 45 countries and regions and analyses the performance trend in the world. While 65% of the countries and regions under study adhered to the conventional direct funding approach, nearly 50% of the countries and regions under survey considered that the provision of tax concessions for enterprises' research and development (R&D) was of paramount importance. And almost 10% of the countries and regions under survey attached huge importance to funding in the forms of "innovation vouchers" and venture capital.

In fact, the technology industry is in the greatest need of financing and capital investment for development. They can enable private enterprises to play a greater part in R&D investment, strengthen the ecology of innovation and technology, and reduce R&D risks and expenses. All along, there have been voices in the industry calling on the Government to provide local enterprises with 200% tax concessions for their R&D expenses. I hope the Government can be more proactive in examining the introduction of investment programmes similar to the Applied Research Fund years back, and also consider how to spend its money in areas most helpful to the industry.

I also hope that the Government can attract more venture capital investments to Hong Kong with its policies as a new way of helping young people. The reason is that there is honestly such a need in Hong Kong. Over the five years between 2008 and 2012, the percentage of innovation and technology activities in Hong Kong's gross domestic product only rose from 0.6% to 0.7% without showing any marked improvement. As adhering to the old approach cannot do much help to the industry, shouldn't the authorities consider the idea of adopting a new approach, so as to truly promote innovation, technology and business start-up?

Deputy President, the $300 million Youth Development Fund will provide youngsters with business start-up assistance through non-governmental organizations rather than investors or businessmen. I do not know whether this should be put under "economic development", or "Youth Education and Development" as in the Policy Address. While the authorities are willing to take out money, they have not dealt with the most difficult problem in business start-up: lacking capital investment. Even though the scheme has not commenced, its effectiveness is already doubtful. There are already many similar government programmes under the Commerce and Economic

Development Bureau which provide subsidies through various funds. It is still uncertain whether there will be a lack of co-ordination between this scheme and the business start-up support programmes of the various departments under the Commerce and Economic Development Bureau, and whether favouritism will arise. Besides, considering the past performance of publicly-funded schemes, we are concerned about whether the Youth Development Fund will degenerate into a scheme which approves applications indiscriminately, as in the case of the Chinese Goddess of Mercy and Compassion Guanyin.

Handing out money may help some people make the first step in starting up business. But in the long run, it is still the most important to co-ordinate our policies, culture and financing environment, so as to create talents, markets and capital advantages. Only this can bring about success.

But Deputy President, speaking of policies, I would say that this increasingly environmental, brief and even simplistic Policy Agenda is indeed disappointing. In the case of innovation and technology, the injection of $5 billion into the Fund, the review concerning the Hong Kong Science Park and industrial estates, and also the long-delayed review and consolidation of the Telecommunications Ordinance and the Broadcasting Ordinance are invariably described as new measures. Indeed, I must prostrate myself in "admiration" at this. Deputy President, it is truly an earth-shattering new measure if they approve the renewal of the Asia Television Limited's licence. But since the decision on the renewal or otherwise of its licence should have been made last year, I would say this is by no means a new measure. Besides, there is a lack of measures when it comes to other truly important issues, such as formulating planning for future industrial development and making land preparations for the development of data centres.

Deputy President, we can see from all this that the Policy Address is honestly very disappointing. Among the Members who have spoken today, the first two Members have given speeches of significant importance. Deputy President, you also pointed out fairly just now that the community expected economic development and improving people's livelihood to constitute important parts of the Policy Address. But you also added that the Policy Address made no mentioning of these two issues. In contrast, Chairman of the DAB Mr TAM Yiu-chung has spoken highly of the Policy Address, saying that the Chief Executive has made commitment. I wonder if he has been given another policy address which is far better than the present one.

Deputy President, the Government has set the deadline concerning the establishment of the Innovation and Technology Bureau at this Saturday, the Valentine's Day. I support the setting up of the Innovation and Technology Bureau, as I think this can rectify the structural mismatch in the Government over the past 10 years or so. But, perhaps I am not "born in the right times", as it so happens that LEUNG Chun-ying is the Chief Executive now. Over the past 12 years since the "culling" of the Information Technology and Broadcasting Bureau in 2002, the Government basically has not launched any new policies on innovation and technology. It has only "handed in a blank answer sheet". The Fund, the Innovation and Technology Commission, the Hong Kong Science Park and also the Cyberport were invariably set up before the "culling" of the bureau.

I believe many people who are concerned about technology development can sense the emptiness in these 12 years. But past experience shows that setting up a Policy Bureau can achieve practical results indeed. Over the past 12 years, Hong Kong has regressed rather than progressed in this respect. We cannot possibly delay the matter any longer indeed. But when Members' ask the Government questions about its new plans, the Government's replies are indeed disappointing. It looks like the Government only wants to convince us that the new Bureau Director will do something big after the new Policy Bureau is set up. In fact, I do not believe that the Government is really devoid of any ideas. In that case, why can it not make them clear in a more serious manner?

Deputy President, during these four days of meeting — the three days of Council meeting spanning from today to this Friday, and also the Finance Committee meeting this Saturday — we will keep hearing Members lament one another. The only message got by people at the end of the day may be that they should not vote for this or that Member anymore. Will this do any good to the future development of Hong Kong? Is winning votes and seats in the legislature more important than the social, economic and democratic development of Hong Kong in the time ahead?

Opportunity wastes no time with those who are unprepared. Are we prepared to embrace the opportunities that may come our way in the future? Are we prepared to take on the responsibilities to our future generations or next generation?

Deputy President, I so submit.

**MISS ALICE MAK** (in Cantonese): Deputy President, some 20 years ago, when I was still a student of a secondary school in Kwai Tsing District, it was the time when the logistic industry of Hong Kong was in full bloom. I recalled that I had written an article on Kwai Chung Container Terminal and Kwai Ching as an entry for a writing contest. The article detailed how vibrant was this container terminal, the job opportunities it had created and its contribution to the development of Kwai Tsing District. However, in retrospect after 20 years or so, what progress or development has been attained in Kwai Tsing District or the container freight industry/logistic industry of Hong Kong as a whole?

The Policy Address has shed light on sea transport and air transport for two years in a roll. For example, paragraph 29 of last year's Policy Address mentioned that "The consultancy study on Enhancing Hong Kong's Position as an International Maritime Centre has been completed. The study concluded that Hong Kong is well positioned to develop high value-added maritime services. It also proposed setting up a new statutory maritime body. In the coming year, the Government will work out the specific functions, structure and funding of the proposed new body and consult the industry. We will then take forward the necessary legislative procedures as soon as possible."

As for this year, only a few relevant lines can be found in the Policy Agenda: "Taking forward the establishment of a new maritime body to promote the long-term development of the industry, drawing up the structural framework of and financial arrangements for the new body. We will also consult the industry and commence preparatory work."

The two paragraphs I cited just now demonstrate the application of a writing technique called rephrasing. The few lines appeared in this year's Policy Agenda sound like the Government has done the job, but those lines are in fact rephrased from the relevant paragraph in last year's Policy Address. The Policy Address has thrown light on Hong Kong's logistic industry for two years, but not much concrete work has been done. The Government only plays with rephrasing and repeating the content so as to give the public an impression that they have touched upon this area every year. This is particular so on the development of brownfield sites that has been discussed for long, given the Government's repeated procrastination, any initial policy proposal on the subject is still out of sight. Moreover, what on earth are the high value-added logistic policies that have been discussed for a long time?

The Government once indicated that several plots of land in Tsing Yi are intended for the development of high value-added logistics. How advanced is high value-added logistics? I believe the majority of traditional logistic workers are unable to give you an answer. It is currently proposed to develop a training school in Tung Chung, but indeed what kind of talents will it train? We have no idea yet.

According to the latest research report released by the Legislative Council Secretariat, the trading and logistic industry, as the strongest pillar among the four pillars of Hong Kong's economy, has recorded the slowest growth and development during the decade between 2002 and 2012. The trading and logistic industry has the widest coverage, including wholesales, import and export trade, freight forwarding and storage services, mail and express services, and so on. However, the number of jobs created under this industry is far less than those created by other pillar industries. During the period, the number of employees hired by the trading and logistic industry remained at 760 000 or so, representing a real growth of only 57%. Meanwhile, business support, financial services, tourism and other pillar industries have grown strongly at a speed of 91%, 105% and 161% respectively. We realize that this phenomenon is due to the lack of government planning for the long-term development of logistic industry and the absence of relevant policies over the years.

The Hong Kong Federation of Trade Unions (FTU) has set up the Logistics and Transport Industry Committee under it. We have high regard for the development of Hong Kong's logistic industry, not just because of the huge number of manpower it has hired, but also because of its contribution to Hong Kong's economic activities. We have participated in the study on the development of Siu Ho Wan on Lantau Island into a logistic park. In respect of the recent discussion on the reclamation and development of Sunny Bay and Siu Ho Wan on Lantau Island, we have also discussed with the authority concerned. We hope that the Government can formulate long-term logistic policies and work out effective manpower training system expeditiously. We believe that the Government must get these jobs done, so that Hong Kong's logistic and freight industry can capitalize on the opportunities brought by the commissioning of the Hong Kong-Zhuhai-Macao Bridge and the third runway of the Hong Kong International Airport.

The FTU has been supporting the Government to continue with the consultation and planning work in connection with the Hung Shui Kiu New

Development Area. When we were told that 62 hectares of land in the Hung Shui Kiu New Development Area would be reserved for the development of logistic industry and it was expected that 50 000 industry-related positions would be created, we immediately approached the department concerned for the latest progress, and would like to know whether the Government was confident in creating the 50 000 positions. Nonetheless, more than a year has passed, and we still have no idea what the development of Hung Shui Kiu will be.

It is our hope that the Government will roll out the third phase of the consultation exercise, step up the formulation of policies on brownfield sites, optimize the use of land in the district, as well as plan and develop sizable logistic facilities and sites. In particular, we should pay heed to some obnoxious trades and provide the room for them to survive. In certain districts, local residents refuse to have these trades in their neighbourhood, yet these trades, for instance, scrap yards, are indeed necessary. We hope that the Government can formulate some policies under which some plots of land can be leased at affordable rent to the operators of scrap yards and the storage sites for empty containers and container trailers.

Speaking of empty containers and container trailers, it comes to our attention that Hong Kong does not have adequate short-term tenancy sites to store the empty containers and container trailers at present. In fact, the demand for short-term tenancy sites to store the empty containers and container trailers was not that strong before. This shows that Hong Kong's logistic industry is no longer as strong as it used to be, because in the good old days, the number of empty containers and container trailers was obviously smaller.

On the other hand, I would like to talk about the situations of the ship building and repairing industry in Hong Kong. Recently, I have assisted the ship repairers near Tam Kon Shan Road to handle some lease-related issues. The development of these shipyards happens to highlight how supportive the Government has been to the logistic industry and shipbuilding, machinery manufacturing and steel industries over the last few decades — in other words, the Government has not given any support to the industries. A number of infrastructure projects under construction or planning, such as the Hong Kong-Zhuhai-Macao Bridge, Tuen Mun-Chek Lap Kok Link, artificial islands in central waters and the third runway of the Hong Kong International Airport, will all be conducted in the sea. According to our knowledge, many projects and works have to be carried out in the sea in the coming decade or so. Given that

these projects will rely heavily on barges, sand carriers and engineering ships to transport the necessary materials, workers and machineries, the hull and machineries of the barges and carriers will be worn out easily and thus need frequent repair, or else the progress of the projects may be affected.

However, where are the repairers for these barges and sand carriers? This kind of shipyards is now rarely seen in the coastal area of the Pearl River due to the development in the region. Some shipyards can still be found in Tsing Yi. The infrastructure projects carried out in these few years have granted them new business opportunities. In the 1990s, these shipyards were required to move due to the construction of Tsing Yi Northeast Park — this however was not the real reason. The truth was that a group of residents were rehoused to live near the shipyards as a result of a planning blunder by the Government, hence the Government asked the shipyards to move away from the residential area in the name of the construction of a park. These shipyards tided over a period of difficult time when several years earlier, the demand for engineering ships repairing and ship building was very weak as no infrastructure project was underway. They had a period of difficult time and their business improved only until the recent few years — at least the several hundreds of repair workers in that area all have jobs.

Nonetheless, recently these some 20 shipyards approached us for assistance since their original lease with a term of 15 years has expired. The Lands Department, when negotiating with them on the renewal of the lease, has raised a number of different conditions — I would describe those conditions as unrealistic — which they must fulfil, or else the Lands Department will not renew the lease with them. I do not know if the Lands Department is aware of the fact that if a shipyard really must fulfil the unrealistic requirements put forth by the Department, it has to bring a halt to its work as well as its income, and spend a lot of time to construct the required facilities. Moreover, if a shipyard really acts in compliance with the unrealistic conditions raised by the Department during this period, it will have to suspend operation for at least four years. Meanwhile, we may find many failed tugs and barges on the sea, they do not know where to find a repairer. Hong Kong of course has some sizable dockyards, two of which can be found in Tsing Yi, yet they are big dockyards that do not accept small repair orders from small ships like tugs and barges. If the Lands Department insists to lay down unrealistic requirements and disregards the needs of shipyards, this will prompt the ship repairing industry to shrink further or even lead to its extinction.

From the leases of shipyards, the utilization of brownfield sites to the demand for sites to store empty containers and container trailers, we notice that the Government has only rolled out some short-term and "pain killing" policies in this respect instead of formulating a set of comprehensive policies on the development of the logistic industry. When the logistic industry indicates the lack of sites for the storage of empty containers and container trailers, the Government finds short-term tenancy sites for them as an interim remedy. When some shipyards confront problems, the Lands Department however put forth some unrealistic conditions and require the shipyards to fulfil these conditions.

Should we want to continue to develop the logistic industry, which is one of Hong Kong's pillar industries, the Government needs to have a set of comprehensive and far-sighted strategies in place instead of just coming up with short-term "pain killing" remedies. I really missed the hustle and bustle of the container terminal in Hong Kong that I saw when I was a secondary school student. At that time, the prosperity of Hong Kong's logistic industry created many employment opportunities for the people from the grassroots.

Deputy President, I so submit.

**MS CLAUDIA MO** (in Cantonese): This Motion of Thanks is but a joke. Actually, this is not only a joke but also a tragedy and a shame. LEUNG Chun-ying dare not write a single word about the Umbrella Movement in his Policy Address. In the face of such an unprecedented large-scale protest campaign initiated voluntarily by the people which is rarely seen in the history of Hong Kong, despite his capacity as head of government, he just acts as if nothing had happened, turning a blind eye and a deaf ear to the movement to pretend that he is not aware of the movement at all. What then has he done?

He singled out a campus publication produced by university students and criticized it. He has singled out the publication and labelled it as advocating "Hong Kong independence", just like what happened during the Cultural Revolution. If any Members should try to defend the students, he would point his figure at the Members and ask them if they support "Hong Kong independence". What kind of attitude this head of government is showing us? I definitely support equal rights for people of different sexual orientations, but do I need to tell people my sex orientation? My sex orientation is none of other

people's business. He presented such a Policy Address in his capacity as head of government because he has only one thing in mind, and that is to turn Hong Kong into one of the many small cities in China, not any big city, just a small one.

Over the past years, Hong Kong has been a very interesting community in the eyes of foreigners, a unique city where the East meets the West. However, when they come to Hong Kong again these days, they cannot find such interesting features any more. Some foreign friends told me they had heard that the streets in Hong Kong were filled with Mainland visitors, and hence they would not and dare not come here to go panic-shopping with these visitors. Nor do Hong Kong people have the courage to visit Causeway Bay or Tsim Sha Tsui, not to say New Territories North.

Can Members name one society which does not welcome tourists? I believe tourists are welcomed everywhere. We certainly welcome tourists if they come to give us patronage. But then, the total tourist volume last year was 60 million person-trips. We can tell just by this figure that it is just too much for an overcrowded city like ours. It is not my political commentating style to use insulting words to tell people to "go home"; I will not say such things. But then, the Government just keeps acting as if nothing had happened, and all it has said is that it is not an offence to engage in parallel trading activities in Hong Kong. Actually, those are not parallel imports; they are products imported officially by authorized dealers for sale in Hong Kong. It is only after they have been transported to the Mainland that these products are turned into parallel imports. These parallel traders have crowded up New Territories North and leave the residents of the district in a constant state of anxiety, and then the Government just condemns the residents for acting violently and stirring up trouble instead of looking into the source of the problem.

LEUNG Chun-ying is good at intimidating the people. At first, he just said, "Nativism means exclusivity and discrimination". Actually, many people do hold such a view, not only the pro-government pact. However, he gets more direct now and take away some of the words in between, leaving the comment reads "nativism … means Hong Kong independence". As a result, many people of Hong Kong are greatly troubled.

Over the past century or even more than a century's time, we Chinese have indeed endured too many miserable and homeless days. Because of the blood and gene passed down to us from our ancestors, we are very much afraid of

unrest. Naturally, people would be in panic on hearing his remarks and would then find the young people going too far. That way, he could easily wipe out the ideas of the young people in one go, banning their thoughts and ways of thinking altogether. What is more, they are not even allowed to speak out their mind. LEUNG achieves all these just by one comment: "nativism means Hong Kong independence".

"Nativism" does not mean "Hong Kong independence". Let me tell you what our nativism means. We are not focusing only on ourselves and our hometown, we are not seeking only for Hong Kong's interest and benefits, nor are we aiming solely at securing priority for ourselves. We are not just talking about such things. We are also talking about the glocalization of Hong Kong. We have ethnic minorities in Hong Kong, and the nativism we advocate or the genuine citizens we talk about encompass all races. In China, the major nationalities include Han, Manchu, Mongolian, Hui and Tibetan, but the Chinese Government seldom cares about the Mongolian, Hui and Tibetan nationalities. It just focuses its attention on the Han nationality and considers China Huaxia. Hong Kong has plenty of ethnic minorities, including British, American, Pakistani, Nepalese, Filipino, and so on. We have plenty of ethnic minorities, and they are Hong Kong people with permanent right of abode in this city. So, this is what the glocalization of Hong Kong means.

We are not talking about ancestry, national consciousness, or the "blood is thicker than water" thing mentioned in the White Paper. The White Paper is indeed hypocritical. Even though the Chinese version talks about "血濃於水", the English version is not a direct translation of the four words, as they dare not say "blood is thicker than water". Instead, the English version just mentions words like affection and nationalistic, which have no equivalence in the Chinese version. What we genuine Hong Kong people strive for is a set of shared value of life and way of life, as well as the way we see this world. The ultimate factor is the right of abode: a permanent Hong Kong resident is a genuine Hongkonger. Perhaps we may hold divergent views, but so long as we share some basic universal values like human rights, democracy and liberty, we are equals. We are all Hong Kong citizens, and we practise no discrimination or exclusivity.

The "Lion Rock spirit" referred to by the older generations in Hong Kong means that if one works really hard persistently, he will become a rich man one day. However, it is hardly the case these days. Let us take a look at the story of Ricky WONG. LEUNG Chun-ying simply ignores him without regard to all

the good efforts he has made. On the contrary, the operators of Asia Television Limited (ATV) are thick-skinned enough to urge the public to save ATV, asking the Hong Kong people to give $1 or $10 each to save ATV. What kind of logic is involved here? Commercial morality and business ethics are just nowhere to be found.

There are two types of logic in this world: one is logic, and the other one is Chinese-style logic. The operators of ATV should first ask themselves this question: If Hong Kong people love ATV very much and are willing to raise funds to save ATV, will ATV be stuck in the present stage? Nobody wants to watch ATV, its audience rating is zero. It is because nobody supports ATV that it has incurred such a business situation. Such kind of thing would never happen in the old Hong Kong, but thanks to the "Mainlandization" trend, things are now developing this way.

LEUNG Chun-ying is tasked with one single job upon assuming office, and that is to "Mainlandize" Hong Kong. We must hold fast to the glocalization of Hong Kong, we must safeguard our position in the world and our internationality, and we should never let this evil-minded so-called Chief Executive betray Hong Kong. Some say that he is trying to ingratiate himself with Communist China, but he is in fact not just ingratiating himself with Communist China, and we can think of a lot of terms to describe him. In any case, Deputy President, Hong Kong people must preserve our own ideological outlook and uniqueness. I hereby urge government officials — I understand that they have been brainwashed because they have to attend meetings all the time — to stop using the Mainland words and expressions. Every day, we can always hear them say things like "方方面面" (which literally means sides and faces) and "重中之重" (which literally means the heaviest among the heavy ones). What on earth are they trying to say? Those expressions are not Cantonese; they are just copying everything from the Mainland.

Mr IP Kwok-him is most interesting as he has condemned us for being so afraid of Putonghua. He also asked us if we would mind seeing a menu written in French when we were in a French restaurant. Certainly not, because we know that is a French restaurant. Actually, all foreign languages like French, Spanish, and so on — with the exception of English, as English is one of our official languages — are not to be used as some kind of united front tactic in political struggles, and they will not be used as an instrument to brainwash our younger generations. If one wishes to purge a community, the first step to take is to

purge it of the people's language, and upon getting rid of their language, the step to follow is brainwashing. In that way, the purgers can gain their purpose and become real invaders taking complete charge of the place, as the people there have lost their identity. I have heard a Chinese Language teacher said the expression "幾時" (which literally means when) was Cantonese and hence should not be used, the expression Putonghua expression "甚麼時候" (which literally means when) should be used instead. I cannot but ask: How come there is a poetic line that reads "明月幾時有" (which literally means when will a bright full moon come out)?

Let us take a look at the history of any human society, and we will find that economic development and politics are by no means separable. No one single society can be well developed, really beautiful and prosperous in every aspect and yet at the same time put its constitutional affairs under the charge of one single person. This is just impossible. Hence, whenever he talks about economic development and pretends to say that politics means "one person, one vote", some "LEUNG fans" and other people will come out and say this is no good because "one person, one vote" will lead to populism. Hong Kong has its own unique aspects as well as its own local features and spirits, but now we are being gravely impacted by the Individual Visit Scheme (IVS) visitors. This is today's comic strip by ZUN Zi, which depicts the destructive contribution made by the IVS visitors. We can see in this comic strip that the influx of IVS visitors have destroyed Hong Kong completely — I am not sure if Members can see it very clearly, as this is a photocopy of unsatisfactory quality. According to this comic strip, the Hong Kong Tourism Board invites the visitors to Hong Kong and they flood in with a dollar sign "$". We certainly welcome visitors, but these visitors are spending money here in a destructive way. Buddy, if you are not living in Tuen Mun or Sheung Shui, you will not understand the suffering of the residents there. We have asked the authorities to look into ways to resolve the various problems arising from the IVS visitors. In April last year, LEUNG Chun-ying said he would look into the matter. In today's written reply, it is mentioned that while discussion has started since April last year and certain working meetings have been held in June, they still have to decide who should be tasked with the research study and how it should be conducted because the subject matter is so complicated. In other words, there is no clear idea, and no concrete work has been carried out, nor is there any answer for the time being. Hence there will not be any timetable or route map. As nothing can be produced, he can say whatever he wants. What on earth is he talking about?

The nativism we advocate encompasses some very fundamental policies. On the economic front, for example, the authorities should stop adding insult to injury incessantly. Seeing that our drinking water comes from the Dongjiang River, and some "50 Cents" Mainlanders keep yelling to us: "Stop drinking water, stupid fools, your drinking water comes from us. Do not think that you Hong Kong people are so powerful or independent, you do not even have water to drink." In fact, we have to buy the drinking water, the drinking water is paid for by our public money. We have to pay for it, it is not free. Hence, nobody has the right to say things like "you do not even have water to drink."

This is the same case with electricity. The Environment Bureau pretended that it would be better if the Mainland supply more electricity to Hong Kong, but it would in fact render us more reliant on the Mainland. While we keep saying that Hong Kong should have "one country, two systems" and "a high degree of autonomy", "autonomy" actually means that we should at least be able to decide on the basic policies which affect our lives, and even the constitutional reform. However, we have none of such. On the contrary, Hong Kong is being Mainlandized gradually. This is just kidding. I am talking about the government officials, not you. We have raised our "13 statements of nativism" to the Government, and I believe Members know what they are about. Yes, we are urging the Government to revoke the "multiple-entry endorsements". Let us take a look at last year's figures. The majority of the visitors are those who did not stay overnight. What kind of visitors would come to Hong Kong and then leave very shortly without staying overnight? I believe we should all know what they come here for. They come here to engage in parallel trading activities. They are the illegal parallel traders. Even a Judge has already commented that it is a shame if the nationals dare not consume the formula powder produced by their own country. In my view, it is also a national tragedy. Living on the Mainland is indeed miserable, and most importantly, the people have lost their consumer confidence in the Mainland. I sympathize with their loss of consumer confidence, as they dare not shop on the Mainland. Perhaps the gold used to make gold jewelry is not 99.9% but 88.8% gold. Nevertheless, these are not our fault, and it does not mean that Hong Kong's babies have the pay the price for them.

As regards the population and welfare policies, the Government should look at the needs of our ethnic minorities rather than implementing policies in a piecemeal fashion every year. Last year, the Chief Secretary for Administration Carrie LAM, said we would be very happy on the following day because the then

Policy Address would put forward measures to support the ethnic minorities. What support measures have been introduced? Nothing has been introduced so far. They say the ethnic minorities could excel in English Language or other subjects, but the fact is that we do not have Chinese Language teachers who are able to use English teach the ethnic minority students Chinese. The authorities simply do not have such personnel in place. The matter has been raised for numerous years, but the authorities are still unwilling to train up our teachers. But then, they are spending almost $10 billion every year to employ foreign teachers whose mother-tongue is English to teach in Hong Kong. This is an obvious piece of evidence that they are colliding with external powers. Who do they not train up our local personnel? As regards the scheme of "Using Putonghua to Teach Chinese Language Subject" implemented by the authorities, it only serves to disintegrate Hong Kong. What a society should ultimately do is to think conscientiously for our younger generations.

Hence, Deputy President, economic development and politics are inseparable for sure, and Hong Kong must uphold its own local value standards. Thank you.

**MR CHRISTOPHER CHUNG** (in Cantonese): Deputy President, today I wish to express some personal impressions towards the Policy Address. Just like the responses of the DAB made earlier, I also consider this year's Policy Address rather comprehensive and it also shows that the Government is taking certain responsibilities. Nevertheless, all of these solid policy objectives are overwhelmed by the *Undergrad* incident as mentioned in paragraph 10 of the Policy Address.

I think the Chief Executive was not aimless when he criticized the *Undergrad* specifically for advocating the thoughts of "Hong Kong independence" in the Policy Address. Besides, there is real danger and therefore the public should be warned and stay vigilant. It is evident that the recent protests against parallel goods traders in the New Territories which disrupted shops and caused confrontation was used as a pretext by some people to stir up troubles. I do not think that people can advocate independence of Hong Kong, rebels in society, or even secessionism under the pretext of academic freedom of universities. In his capacity as the Chief Executive, he has the responsibility and he is duty-bound to criticize the mistake made by the *Undergrad*. He has to safeguard the unity and safety of the nation.

Deputy President, let us return to the subject. In this session, I am going to speak on affairs relating to information technology (IT) and broadcasting. In fact, the issue of the development of innovative technology in Hong Kong has been a hot topic for some years since the TUNG Chee-hwa era, from the proposal of setting up the Cyberport to the present, what have we achieved? Everybody can see that the Government has been getting the wrong end of the stick all along past 10 years, be it the development of IT or innovative technology, as it always thinks that it should start from the hardware, and the software will be let alone. Just like the development of the movie industry, the Government only thinks of building more theatres. Likewise in IT development, it thinks of developing the Cyberport, Hong Kong Science Park, and so on. In fact, innovation industry is just like a stream of fresh water: only a continuous flow of water can bring along the impact of an upsurge. Yet the Government always wants to do something big in infrastructure and hopes that this will attract a fresh stream of new thinking. Nevertheless, if too much fresh water is poured into the tank, it will only become a pool of stagnant water.

For that reason, if the Government is to develop IT and innovative industry, I think it should pay attention to the following points. First, it should not limit itself to a particular subject at a particular time. Technology and innovation are not limited to the Cyberport or any innovative base only. It should allow streams of fresh water to flow to different places so that they can create freely. In terms of policy, the Government may as well provide funding to young people who wish to engage in IT or have innovative ideas, and provide them with low-rent private or government factory premises, so that they can create their own innovations and start up their own businesses in different districts. Such examples include the PMQ created on the former Police Married Quarters on Hollywood Road, which I visited earlier, and the Jockey Club Creative Arts Centre (JCCAC) in Shek Kip Mei, which is located in a refurbished government factory building. One can find that the artistic style derives from these two places is rather different. PMQ is rather middle class as it seems to head towards industrialization while JCCAC is somewhat more grassroots with more artistic elements. For that reason, innovation technology is the same as a creative industry, which should take root at their own districts. For people who sit comfortably in their Cyberport office, the environment is very scenic, but it may not help to stimulate creativity.

Second, the Government authorities in charge of IT should never remain in the old rut. They should never indulge in the purchase of new hardware. Last year I criticized the Office of the Government Chief Information Officer

(OGCIO) for acting as if it were the IT procurement branch of the Government. Every time it came to the Legislative Council, it only asked for the funding of the procurement of equipment. It seemed that it did nothing to promote the use of IT to improve the quality of the life of the public. The OGCIO had better change its name to Procurement Office. It only knows to boast the number of Wi-Fi hotspots being created and the introduction of RFID and the use of cloud technology, and so on. This makes me to think that the Government is operating a telecommunication company. As a matter of fact, Wi-Fi, RFID and cloud technologies are very common in this world. When we visited South Korea the year before last year, we found that the South Koreans were using RFID in the collection of refuse and made use of RFID as a media of waste levy. Therefore, other countries know how to integrate IT into people's daily life.

Recently, I also discover that Shenzhen residents need not go to the library to return books as kiosks are set up everywhere for borrowing and returning books by IT means. Hong Kong has been talking about the implementation of the same thing, but we have been listening to that for 10 years and we haven't achieved any result yet. How can a city be considered to be on the right track in terms of its optimal use of technology? How long will it take in these few years before the life of Hong Kong people can achieve real technological intelligence? For that reason, I think the Government should change its faith in the myth and the indulgence in purchasing new hardware for IT development, and replace it with the use of hardware to facilitate the daily life of the public as well as to assist corporates to create business opportunities.

Lastly, I wish to talk about the broadcasting policy although it is not mentioned in the Policy Address. If we look around at places in this world, all government-funded radio stations should be duty-bound to promote government policies and broadcast fair and unbiased news. It is their responsibility. However, in the past dozen of weeks during the Occupy movement, RTHK kept taunting government officials and producing special programmes for the opposition and the opinions of these programmes were all one-sided. They called that freedom of the press. When someone criticized them, they condemned him for suppressing freedom of speech. We can see that RTHK was persuading people, the youngsters in particular, to take to the street every day. Should this be the proper behaviour of a government radio station? Secretary, how can you govern this radio station properly? How could you say that you would ask for a $6 billion funding to build a new complex? It will only give others the impression that you are a big spender. I think that from now on, its

role and status as a government radio station should be clarified. We should not let things drift about and allow it to spread the evil wind and cause disturbance in Hong Kong and jeopardize the stability of society.

The Government's broadcast policy should follow the global trend by promoting digital broadcast. However, as to radio broadcast, the Government allows RTHK to retain six analogue channels and allows the Commercial Radio to keep on broadcasting with its analogue channels during the renewal of its license. Why had the Government not added some licensing requirements in the renewal exercise to demand it to promote digital broadcast? Was it going against the original digital broadcast policy? Was it a transfer of benefit or double standards by allowing it to renew the license for another 12 years without making investment in any new technology and virtually spending not a cent on it?

I hope the Government will consistently require all radio and television stations to move towards digital broadcast. I also hope that we can come up with a timetable and a roadmap so that we can keep abreast of the tide of technology. Thank you, Deputy President.

**MR RONNY TONG** (in Cantonese): Deputy President, if you surf the Internet, you will find that next to lawyer, the most mocked profession by jokes is politician. Deputy President, I fall in both categories. Nevertheless, as we are in this legislature, it is rather hard not to show the empathy. Why are politicians despised by so many people? It is simply because none of them are willing to speak the truth.

When I listen to Members of the pro-establishment camp standing up one after another to deliver their speeches, they are trying to criticize from the bottom of their hearts, and some of them have already made the criticism, but they will definitely start their speeches with one sentence: "This is a good policy address." The most acrimonious comment is no more than "This is an acceptable policy address." Deputy President, these Members are not speaking the truth.

Deputy President, the mid-term report of the United States President is one of the most important policy addresses … Sorry, it is not "one of the most important", but "the most important". As the first half of his tenure has passed since he took office, and if he finds anything wrong with the policies he has pledged after he has assumed office for two to three years, he has to conduct the

necessary review in the mid-term report; or if any new policy is to be introduced to help him to get re-elected in the next presidential election, this mid-term report is an important juncture.

However, with regards to LEUNG Chun-ying's mid-term report, I wish to describe it with this idiomatic expression in English, "It's not worth the paper it's printed on." In Chinese, it just means that it doesn't even worth a penny. Deputy President, I am not making a groundless accusation against him. As I am speaking on the economy today, I have done the calculation — Deputy President, you may also do the calculation with me — there is a total of seven pages, 43 paragraphs and 10 small items in the Policy Address which touched upon economy. What do these 10 small items talk about? Each item takes up four paragraphs. What is the circumstance? Are we playing "wrestling among the literati", which means making superficial touches only?

Deputy President, we should not make superficial touches only as far as economy is concerned. Insofar as economy is concerned, we need to stand out in the crowd. At least we have to achieve the "brand building effect" as we have all along been emphasizing. We should bear in mind that we are just a small economic entity and we cannot be a jack of all trades and a master of all at the same time. For that reason, it is a must for us to be outstanding in one or two items in order to let others know what Hong Kong is good at … when they talk about such things, they will think of their origin, Hong Kong. For example, when talking about private banking and clocks and watches, people will think of Switzerland; when talking about cigars that people smoke, we will think of Cuba; and that is the way it should be.

Right now Singapore is considering to develop an industry called arbitration centre. Why can we not achieve that up till now? Deputy President, the Policy Address has mentioned arbitration. It seems that there are two paragraphs but I am not sure if I have made a mistake … exactly two paragraphs, two small paragraphs. What do they say? I can only describe them as "devoid of contents". He said something as if he had said nothing at all. I do not know what they mean after reading it, and I do not know what the Chief Executive want to say. After all, what kind of governance can upgrade our status as the arbitration service centre, which is often called "to upgrade our level"? No. None of the 10 economic areas mentioned by the Chief Executive are successful.

The Chief Executive proposes four funds — now we are under "administration by funds". Among these four funds, except for the Sustainable Agriculture Development Fund, which is more innovative, the other three are actually funds which have already been put in place for a while. At present, are we asking for funding? We are demanding his governance. Frankly speaking, what industry in Hong Kong can build up its own brand name which can help us sustain our unique status? I consider that very simple, as everybody knows it: a financial centre, a status in the financial world, our legal service, that is, the arbitration centre I have mentioned just now, and possibly the tourism industry. As to these three industries, may I ask him to take a look at this Policy Address and tell us what policy has touched upon the Chief Executive's vision, what policy he has in place to carry forward these three assets and lift them to a higher level? Let us forget about lifting them to a higher level. Can we maintain their current status? What are the contents of the Chief Executives' Policy Address? All of them are internally oriented: to develop towards Mainland and integrate with Mainland.

Deputy President, right now we are discussing the three industries that can help us in brand building, and they are all externally oriented. We should attract the attention of others to come and make investment in Hong Kong, with a view to maintaining our status as a financial centre, so that others will use our legal service and make a journey for pleasure in Hong Kong. That does not rely solely on tourists of the "Individual Visit Scheme", right?

For that reason, Deputy President, you may say that I am going to criticize the Chief Executive and allege that he has no wisdom at all — recently a lot of people tell me that I should not say that — and that he has no ability and talent. Perhaps I cannot finish talking about all of these in three days and three nights, but I only have a speaking limit of 30 minutes and I have to speak on other items. Nevertheless, I need to say one thing and that is, the three industries I have mentioned just now are what we have merely, and if you make a comparison to other places, in particular cities on the Mainland or in Southeast Asia, they are the most outstanding industries of Hong Kong for the time being.

However, other places will catch up with us very soon, for example in terms of being an arbitration centre. I have been saying that for so long that my mouth is dried up now, while Mr Dennis KWOK will definitely rise to speak later and make mention of Singapore, which has devoted a lot of resources to establish its arbitration centre. They even announce openly that the rule of law in

Singapore is more advanced than that of Hong Kong and it is simply the best in Southeast Asia. What a shame and it is really shameful. I personally consider that humiliating, although I do not know if Members also consider that shameful.

With regards to being a financial centre, at present, we only talk about the Shanghai-Hong Kong Stock Connect, the Shenzhen Stock Exchange and the Stock Exchange of Hong Kong. However, after people are attracted to Hong Kong, they will go to Shanghai and Shenzhen to make investments and buy stocks. What will be left in Hong Kong? What shall we do? Mainlanders are not coming to do business in Hong Kong and we are just doing a losing business. As Hong Kong is located within Southeast Asia, how can we attract foreigners to come and make investment? Nothing has been said. I have skimmed through this Policy Address but none of these are mentioned in this Policy Address.

As to tourism, actually we have the assets; we have the Geopark. I have visited geological parks in other parts of the world. A year ago, I visited the Geopark in Ireland. I think we should not compare it with ours as they are not comparable. Nevertheless, the Irish Geopark enjoys very good development. They have free feeder buses for tourists and they have built large museums to debrief tourists of the geological features comprehensively. Then buses will take tourists to the seaside and visitors will be briefed of the geological formation. They have put in place a specific tourist service. What about us in Hong Kong now? We will only take a small boat from Sai Kung Pier to the Geopark. Each passenger is charged $10 for the boat-ride. I am not sure whether or not the Secretary has been there. Is it somewhat a waste of our assets?

Therefore, when we talk about economy, that is, our industries, we will lag behind if we do not make progress every day. But this mid-term report delivers nothing at all. For that reason, I cannot see why the pro-establishment camp can rise and speak unabashedly that the Policy Address is worthy of their support.

Deputy President, thank you.

**IR DR LO WAI-KWOK** (in Cantonese): Deputy President, in the Policy Address this year, the third one delivered by the Chief Executive, Mr LEUNG Chun-ying during his term of office, some proposals put forward by me and my colleagues from the Business and Professionals Alliance for Hong Kong in the area of economic development and improvement of people's livelihood have been

taken on board to introduce a number of new and pragmatic measures to give effect to the policy objectives of the Government of the current term.

Regarding economic development, the approach of diversification has been adopted in the Policy Address to give an account of the development strategy of a number of industries. As far as innovation and technology is concerned, the Chief Executive has proposed to inject $5 billion into the Innovation and Technology Fund and subsume the Research and Development Cash Rebate Scheme under the Fund. An Enterprise Support Scheme is also set up to enhance funding support for research and development projects of the private sector. These are evidence to show that the Administration is determined to promote innovation and technology and the establishment of the Innovation and Technology Bureau.

Deputy President, it is a major world trend to promote innovation and technology and thus, the proposal to establish the Innovation and Technology Bureau has the support of the engineering and technology sectors as well as the general public. Regrettably, certain comments in the community lately, including those emerge in this Council, have misled the public into thinking that the proposal of establishing the Innovation and Technology Bureau had been put forward hastily by the Government of the current term, but the reality is just the opposite since this is actually an aspiration of the relevant sectors as well as the industrial and business sectors for many years. With the support of members of the public, the suggestion of establishing the Innovation and Technology Bureau had been included into the Administration's proposal to reorganize the government structure into five Secretaries of Departments and 14 Directors of Bureaux in 2012. Unfortunately, the obstruction caused by a few filibustering Members of the opposition camp eventually left the suggestion of establishing the Innovation and Technology Bureau was stillborn. Deputy President, I would like to declare that I am a member of the Board of Directors of Hong Kong Science and Technology Parks Corporation.

At the beginning of the current term of the Legislative Council, Members of the pro-establishment camp and some Members of the pan-democratic camp advocated vigorously the establishment of the Innovation and Technology Bureau and with the support of such Members, the Chief Executive proposed once again in the Policy Address last year the establishment of the Innovation and Technology Bureau. The relevant legislative amendments were then introduced into the Legislative Council and a Subcommittee under my chairmanship was formed to study the proposed legislative amendments on the establishment of a new Innovation and Technology Bureau. At the Legislative Council meeting of

22 October last year, I made a report on behalf of the Subcommittee and expressed no objection to the proposed resolution moved by the Administration. The resolution was finally passed and the staffing proposal relating to the establishment of the Innovation and Technology Bureau had also been endorsed by the Establishment Subcommittee. Nevertheless, the funding application for the establishment of the Innovation and Technology Bureau is still under deliberation of the Finance Committee and due to the filibuster staged by Members of the pan-democratic camp, it may not be possible for the proposal to obtain the endorsement of the Legislative Council on the 14th of this month. Those in the technology sector have repeatedly expressed their objection to filibustering and indicated their wish to have the Innovation and Technology Bureau established.

Deputy President, much has been mentioned in the Policy Address this year about many other industries. For example, the Government will give full support to the Airport Authority to implement the three-runway system project at the Hong Kong International Airport to strengthen Hong Kong's position as an international and regional transportation hub. It will consider constructing a new convention centre above the Exhibition Station of the Shatin to Central Link around 2020 to promote the convention and exhibition industries. It will also inject funding into the Film Development Fund to support the strategy of fostering the development of cultural and creative industries, and so on.

Nonetheless, it is my opinion that a comprehensive, balanced and forward-looking policy on industries is still lacking on the part of the SAR Government. Clear policy vision and targets should be established by the Government to provide comprehensive and co-ordinated support in various aspects like land supply, tax concession, dedicated funding, personnel training, co-ordination between the Government, industry, academia and research sectors, and so on, in order to strategically consolidate pillar industries, promote emerging industries and revitalize traditional industries so that the economy of Hong Kong will develop in the direction of diversification and being high value-added.

With the shift of the global economic gravity to the East, the SAR Government should make good use of our rich international experience to expand regional economic co-operation so as to, on the one hand, give effect to various economic and trade agreements signed with the Mainland, enhance the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA) and endeavour to extend the coverage of the "early and pilot implementation" approach to regions other than Guangdong, and on the other hand tie in with the national development strategy as well as the implementation of the National 13th

Five-Year Plan. It is mentioned in paragraph 22 of the Policy Address that the SAR Government had submitted its proposals for the National 13th Five-Year Plan to the Central Government and I think the details of the proposals should be made public for consideration and discussion in various sectors. Hong Kong has to match up with the national development strategy and focus on areas where Hong Kong has a stronger competitive edge to promote the development of local industries and enhance our competitiveness.

Deputy President, the national development strategy in recent years carries two characteristics: first, the mode of economic development has changed and instead of focusing only on the Gross Domestic Product growth, quality development is striven under an innovation-driven model with importance attached to environmental protection; second, Mainland enterprises have been encouraged to let their products and funds go global in an attempt to open up international markets. With our competitive edge, I think Hong Kong would be able to seek for better opportunities amidst China's economic development, especially in areas as outlined below.

As pointed out by the Chief Executive in paragraph 30 of the Policy Address, the development of local professional services has been gaining momentum. Take legal, accountancy, auditing, architecture and engineering services as an example, the average annual growth of their value added was 9.9% from 2007 to 2012, far exceeding the overall economic growth of 4.6% over the same period. It is my opinion that professional services in quite a number of sectors in Hong Kong are up to the international standard, have maintained an international network and have their unique competitive edge in the region. Further economic development in China has brought us new opportunities for promoting our brands and professional services in the Mainland. The SAR Government should negotiate proactively with the Mainland authorities to explore room for co-operation between professional services sectors of both places so as to promote the recognition and certification of local professional qualifications, assist Hong Kong professional service providers to set up their branch offices in the Mainland and provide them with one-stop advice and support services. Besides, local professional services also have good potential for assisting Mainland enterprises in going global, for example, engineering consultant companies in Hong Kong may be encouraged to enter into joint ventures with Mainland enterprises to bid for agreements of overseas projects. In this connection, the SAR Government should discuss with the Mainland authorities to solve the operational difficulties involved.

Testing and certification is another local industry which has good potential for development and I have to declare that I am the incumbent Chairman of Hong Kong Quality Assurance Agency as well as a Member of Hong Kong Council for Testing and Certification. In 2012, there were about 600 private independent institutions in the industry, most of them being small and medium enterprises (SMEs), generating a total operating revenue of up to $10.88 billion. The testing and certification industry of Hong Kong is supported by a sound accreditation system, higher professional standards, outstanding public credibility, comprehensive intellectual property protection, and so on. Since the signing of Supplement VII to CEPA, the Mainland has been gradually opening up its market to Hong Kong's testing and certification industry.

Therefore, the SAR Government is hereby urged to expedite its negotiation with the Mainland authorities for an enhancement of the mutual recognition mechanism for testing and certification services provided in both places and the priority development of some service items relating to people's livelihood. As stated by the Chief Executive in paragraph 194 of the Policy Address, the Government would plan and develop a testing centre for Chinese medicine, which would specialize in the study of the safety, quality and testing methods of Chinese medicine as well as the formulation of Hong Kong Chinese Materia Medica Standards (HKCMMS), and strive to promote the HKCMMS and the reference standards for testing Chinese medicine as authoritative international benchmarks. This is undoubtedly a forward-looking initiative.

I suggest that the Administration should further expand the coverage of its measures in this regard and put in more resources to, in the light of the potential demand in the community, promote such services as food inspection, safety certification and product validation for consumer goods, and so on. At the same time, assistance should be provided by the Government to the relevant sector for promoting the quality mark certification system launched in Hong Kong to safeguard product safety and quality so as to develop Hong Kong into a major testing and certification hub in the region.

Hong Kong also enjoys an advantage in such areas as information and communication infrastructure and Internet security and Hong Kong products have been renowned for their high quality. With the development of Internet economy, electronic commerce (e-commerce) activities in the Mainland are growing rapidly and Hong Kong should respond to the trend by establishing itself as a platform for the Mainland to develop international e-commerce business.

Discussion should be held between the SAR Government and the Mainland authorities to tackle problems concerning the co-ordination of work arrangements between the Mainland and Hong Kong, such as logistic arrangements.

At the beginning of this month, Mr MA Yun announced the setting up of the Hong Kong Young Entrepreneurs Foundation with HK$1 billion to support local young people to start up their own business on the e-commerce platform of Alibaba and offer 200 internships in Mainland enterprises a year for university graduates. I believe the development of e-commerce in both places would be conducive to encouraging local young people to start up their own business and with their creativity and flexibility, it would not be impossible for us to have a "MA Yun of Hong Kong".

Deputy President, apart from focusing on the long term development of Hong Kong, it is also necessary for the Administration to tackle some social problems we are facing at the moment. In particular, social division has been intensified after the Occupy movement, the non-cooperation movement and filibustering activities staged in Legislative Council is still underway, a backlog of motions on economic and livelihood issues has thus been accumulated and the deliberation of funding applications for public works projects has been seriously delayed. In the meantime, clouded by considerable uncertainties in the external economy, people in the middle class are faced with increased pressure, thus intensifying their grievances. The business of some SMEs have been adversely affected to various extents and there is also a need to rebuild the confidence of overseas enterprises in Hong Kong. I, together with many others in the community of Hong Kong, sincerely hope that in the Budget to be announced later, the Administration would allocate resources where they are required and relieve the public of their plight through appropriate deployment of public resources. I am confident that the "God of Wealth" has already got my message.

Deputy President, a half-page advertisement has been placed on the *Oriental Daily News* today under the heading "Innovation and Technology for Hong Kong Follow Public Opinion to Cut off the Filibuster". This is an open letter to all Legislative Council Members from a group of conscientious people in the technology sector and the academia, including a number of incumbent and former Vice-Chancellors and Deputy Vice-Chancellors of local universities, who are urging Members of this Council to support the funding application for the establishment of the ITB so that Hong Kong would be given a hope and young people could see a future. It so happens that there is an eye-catching news

headline above the advertisement which reads, "Hope is Gone", which is referring to the fate of the Chinese white dolphin found injured near Tai O and subsequently named "Hope". Due to the deterioration of the serious injury sustained, the dolphin has to be put down by euthanasia, which has touched the hearts of many.

I hope Members of the pan-democratic camp can put aside their preconceived ideas and follow public opinion to cut off the filibuster so that the ITB would commence operation as early as possible. Please do not let the hope of having innovation and technological development in Hong Kong, the hope of allowing young people to move upward with their innovative ideas and technological knowledge disappear.

With these remarks, Deputy President, I support the original motion moved by you but object to all other amendments which are merely proposed to state the movers' political position.

**DR LAU WONG-FAT** (in Cantonese): Deputy President, in the last two debates on Policy Address, I have spoken on issues related to the Individual Visit Scheme (IVS). I fully recognize the enormous benefits brought to the Hong Kong economy by the introduction of IVS after SARS. However, as Hong Kong is a tiny and extremely populated place, we cannot say "the more the better" and receive an unlimited amount of inbound tourists visiting Hong Kong. Therefore, the IVS has to be regulated and moderated so as to avoid affecting the society's livelihood in Hong Kong and triggering grievances among the people. With the year coming to a close, the activities of IVS visitors and parallel traders have reached a frenzy. A Judge has previously condemned parallel trading offences which are getting increasingly rampant. Earlier, some anti-parallel trading protesters have even stormed a shopping mall at Tuen Mun and ran into violent clashes with police officers who were maintaining order there. From this, we can see that IVS has developed into a perennial social and political issue which should not be taken light-heartedly and left unattended by the Government.

I have suggested the authorities put in place an inter-departmental mechanism to comprehensively examine and regularly review various IVS-related issues, including the visitor receiving capacity of Hong Kong, the maintenance or otherwise of the "multiple-entry endorsements", the impact of IVS on transport facilities, effective combat of parallel trading activities,

reduction of the nuisance sustained by residents living in areas with high concentration of tourists, such as the North District, Sha Tin, Mong Kok, Yuen Long and Tuen Mun, and the setting up of boundary shopping complex for the diversion of tourists, and so on. As the IVS policy concerns Mainland people, Hong Kong officials in charge of the issues concerned should proactively enhance the communication and negotiation with the relevant departments in the Mainland, so as to strengthen our co-ordination and rationalize the problems. I believe that if the SAR Government is committed to bringing relief to people's pain and officials are able to put themselves in the people's place, IVS is not going to remain a tough nut to crack.

Deputy President, the Chief Executive Mr LEUNG Chun-ying always stresses that we should take on challenges ahead in governance. The current-term Government has been inaugurated for more than two years, the housing problem which is seen as the top priority by the authorities is still expected to be thorny in the near future. Property prices, especially those of small residential units, have been reaching new heights recently, in a manner like a wild horse unleashed. Of course, the Government has no alternative but to stay undeterred when facing difficulties as it is duty-bound to do so. However, given the existing political ecology and its foreseeable trend, it is hard to tell whether the Government is able to tackle the difficulties and achieve effective governance.

We may say that housing and all its related issues are characterized by the word "difficult." It is difficult not only for the Government to increase the supply of land but also for the people to apply for public rental housing, to buy flats under the Home Ownership Scheme (HOS), and even to buy or rent private residential units. More than 240 000 applicants are now on the Waiting List for public rental housing and among them, more than half are non-elderly one-person applicants. The latest sale of HOS flats has drawn an unprecedented response, with 128 900 applications filed in a record-breaking oversubscription of 59 times. Meanwhile, despite the authorities' repeated introduction of "harsh measures" to keep the private housing market under control, we still see no end to the price hike. Even the prices of small and medium residential units in remote areas of the New Territories have towered beyond our imagination. These phenomena show that people's quest for housing is already close to panic.

Chief Executive C Y LEUNG has announced in this year's Policy Address multi-pronged measures, including vigorously speeding up the development of

public housing, increasing the construction of HOS flats and other subsidized sale flats and increasing the supply of land as far as practicable, with a view to achieving the housing target of 480 000 public and private residential units in the next decade. However, it is obvious from people's response that they remain undaunted. It can be imagined that as distant water cannot put out a nearby fire, if the low-interest environment lingers, the property market bubble in Hong Kong is going to grow alongside with people's grievances.

The current plight of Hong Kong's housing problem is rooted from a practically truncated supply of land and housing resulted from the Government's defective judgment made several years ago in an absence of a healthy dose of anxiety. Moreover, under the extreme shortage of newly developed housing units, it is inexcusable for the authorities to have failed to adopt timely measure to curb the housing purchase by foreigners as in the case of the Mainland and some better-governed overseas countries, so as to ease the demand and keep property prices under control. At present, with the long-overdue "curb" measures in place, many Mainland people and foreign nationals are still acquiring properties in Hong Kong for various reasons, leading to a deteriorating housing shortage deadlock.

In its policy implementation, the Hong Kong Government must uphold the people-based principle and accord priority to the well-being of people. In particular, it should adopt decisive and effective means under exceptional circumstances in order to achieve fast results. The Government has suspended the Capital Investment Entrant Scheme last month, in a move which helps reduce the number of property purchases by foreign people to a certain extent. However, the more effective measure is to impose a temporary ban on residential property acquisition by non-Hong Kong people. This can bring about positive effects in easing the actual housing demand as well as people's anxiety over home acquisition. I have to point out that the measure is merely temporary in nature and meant to provide alleviation. When the severe imbalance between supply and demand in local housing is resolved, the authorities can revoke the relevant ban on property sale.

In terms of environmental protection and conservation, I support the Government's introduction of "Recycling Fund" to promote the sustainable development of recycling industry. However, I deeply regret that the authorities have not accepted Heung Yee Kuk's proposal to set up a "Sustainable Development Fund" to resolve the social disputes arising from the natural

environment and its conservation. I hope the Government can reconsider this measure which models on those adopted in western countries, so as to foster conditions favourable to the harmonious development of the Hong Kong society.

Deputy President, probably no one can deny that developments on various fronts and the overall harmony, stability and prosperity of Hong Kong are all inseparable from our constitutional development. Whether we can take a big step forward in advancing Hong Kong's political system, and whether the 5 million eligible voters can make history with the election of Chief Executive on the basis of "one person, one vote" in 2017 hinge on the position of the 20-odd Members from the pan-democratic camp. However, they have explicitly declared their united stance on opposing the 31 August Decision of the Standing Committee of the National People's Congress and rejecting the so-called "pocket-it-first" package.

But then, the "pocket it first" approach entails a pragmatic and proactive spirit. On the road to constitutional reform in Hong Kong, many pan-democrats have, over the years, actively participated in the election and other affairs of various councils and such is exactly a manifestation of "pocket it first." Furthermore, the authorities have stressed repeatedly that the arrangements for universal suffrage in 2017 is not going to be the definitive package. And the reality is, if we let the present opportunity slip, the next chance for implementing universal suffrage will be highly elusive. Hence, I earnestly implore the pan-democrats to make a reconsideration and put the interests of the whole above everything else, as we can only move forward while piggybacking on this "pocket-it-first" proposal.

Deputy President, I so submit.

**MR DENNIS KWOK**: Deputy President, there is a theme in this year's Policy Address which many have missed, which is the theme of choice and it is immediately apparent in the very first words of the Policy Address, which I quote, "Democratic development and economic progress in Hong Kong present a host of opportunities, but there are choices we have to make. On constitutional development, we have to choose between implementing universal suffrage and a standstill; on the economy, between progress and stagnation; and on people's livelihood, between reforms and clinging to the *status quo*."

Deputy President, today we are speaking on the economy. So I would like to address the supposed choices which the Administration has laid before the Hong Kong people on the question of economy: progress or stagnation. Is it really that simple? Or is the Government presenting false choices for the Hong Kong people? Instead of this made-up choice between progress and stagnation on economic development, the fact is that Hong Kong people do have a real choice to make on the question of economic development. And the choice is this: between developing the economy for the sole purpose of gaining a higher GDP growth or developing a sustainable economy where one would have ample and genuine opportunities for our young people and a sustainable future for Hong Kong where young people can pursue their dreams. The idea that by growing our economy and making the pie bigger (把餅造大), economic benefits obtained by businesses and upper income levels would eventually trickle down to the benefit of poorer members of the society has long been dismissed in the rest of the world as nothing but a myth. "Trickle-down economics" do not work. On the contrary, there is now evidence that the opposite is in fact true: that making the pie bigger only results in the rich getting richer and the poor becoming poorer.

I am reading the book by Thomas PIKETTY, *Capital in the Twenty-First Century*, which has caused a firestorm in the rest of the world. It is a book that is barely mentioned in this Council. The central tenet of PIKETTY's theory is a surprisingly simple one, which is this: In most contemporary market economies, the rate of return on capital "r" frequently outstrips the overall growth rate of the economy "g". Relying on statistical analysis of decades of tax data, PIKETTY concludes that "r" is greater than "g". In layman terms, it means that the rate of return on financial investment, which is obtainable only by those rich enough to have put in a substantial portion of its wealth in stocks or other investments like real estate, almost always beat down the rate of increase in wages earned by the rest of the population. This is, in fact, something that I believe most Hong Kong people are too aware of, those with property and those without property. The implications of this wealth gap between the rates of return enjoyed by employers and employees are immense. And the evidence in Hong Kong is all too clear. This means that if we let market forces to take absolute control without any checks and balances — as we have always pride ourselves as being the freest economy in the world — the result is that those who own capital, especially those who own real estate, would become more and more dominant over those who do not. This creates a sharp division in society between those who have capital and those who do not. PIKETTY called this "the central contradiction of capitalism". In Hong Kong, we know this as 深層次矛盾.

So, Deputy President, what should we do about this — the real choice facing the Hong Kong people on the question of economy? First of all, we must be more vocal about our opposition to "crony capitalism". Just last year, *The Economist* magazine came out with a "crony capitalism index" and not only does Hong Kong ranked Number One in the world, it beats Russia — who is Number Two on the list — by a mile with 58% of the billionaire wealth being derived from rent-seeking industries as compared to Russia's 18%. What this means is that more than anywhere else in the world, Hong Kong's economy is dominated by what we called "rent-seekers" who make their fortune by forming cartels and lobbying the government for rules that protect their monopolies.

This is bad not just for consumers who are faced with very few choices when they are looking to extend their phone contracts or when they are shopping for groceries in a supermarket, the web of monopolies also adds to the price of doing business in Hong Kong. Young people who are looking to start their own business, who want to become the next generation of entrepreneurs, can only dream of starting their own business which are clearly out of their reach. What are we doing for the next generation of entrepreneurs in Hong Kong? Free enterprise, the spirit of free enterprise has always been something that we are proud of, but what are we doing to the next generation of entrepreneurs? When you look at the example of Hong Kong Television Network Limited and the spirit of Ricky WONG in trying to start his own business — of course, he is a man with capital — young people would think to themselves, how on earth am I supposed to start a business in Hong Kong if someone like Ricky could not even get a licence that he deserves.

There is a lot of talk about information technology and, indeed, the setting up of the Innovation and Technology Bureau. But when you look at success stories like Mark ZUCKERBERG, who is twenty-six, or the founder of Groupon, Andrew MASON, what hope do the young people in Hong Kong have in starting similar businesses when the wealth gap as mentioned and the index on "crony capitalism" is so high? What dreams and what sort of opportunities are we presenting for the young people and the next generation of entrepreneurs?

As we noted in *The Economist* article, this Council did finally passed the Competition Law three years ago. I understand that the Competition Commission and the Competition Tribunal are also at the final stages for the preparation of the guidelines which will come into operation in the coming months. And I congratulate the Chairlady of the Commission, Miss Anna WU,

on completing the initial stages for putting together a very competent team at the Commission and I also congratulate the judiciary on putting two highly competent judges in presiding over the Competition Tribunal. It is hoped that this will be the first step for Hong Kong towards building a healthier, a more sustainable economy with a genuine competition to the benefit of entrepreneurs, consumers and young people who would like to start their businesses one day.

It is clear that the choice facing the Hong Kong people on the question of economy is clearly that of a sustainable economy with genuine competition, which is the only way in which we could guarantee success for Hong Kong in the twenty-first century.

Thank you, Deputy President.

**DR PRISCILLA LEUNG** (in Cantonese): Deputy President, hard work has been done in the Policy Address this year even if there is no meritorious deed. The title this year is "Uphold the rule of law, Seize the opportunities, Make the right choices". Deputy President, I think this is a good title indeed. Ms Claudia MO asked earlier why the question of Occupy Central was not mentioned in the whole Policy Address. However, if the question of Occupy Central is mentioned in the Policy Address, I think this will mark up the importance of Occupy Central movement. The Chief Executive has taken the initiative to use the words "Uphold the rule of law" for the purpose of facing squarely the potential problem of the rule of law brought forth by the Occupy Central movement.

Deputy President, many people think that the Chief Executive is a fool because he mentions *Hong Kong Nationalism* and *Undergrad* in the first chapter, making the focus of discussion of the entire Policy Address fall on this incident while his many efforts in people's livelihood and other aspects seem to be neglected. However, I think that he may be very smart in politics as he has to hold the "right to serve". Many people say that in doing so, the public will pay attention to this chapter only. My judgment is that he wants us or the whole territory to focus our efforts on discussing together what he thinks are the clues of separatism already shown among the young people of Hong Kong. This is a point of view.

I would rather think that if there is no stability in Hong Kong, the relationship between Central Authorities and local government will enter an ice age. In fact, not only is political reform or politics, but also the economy and

people's livelihood will enter an ice age as well. Why do I say that the Chief Executive has to serve the ball? It is because on the question of "one country, two systems", if the relationship of "one country, two systems" has really been in the ice age, or even some concepts of so-called separatism, Hong Kong nationalism or some dangerous ideas continue to appear in Hong Kong, the stability and economic development of Hong Kong will have problems and Hong Kong will really come to an end. Therefore, a slight move in one part may affect the whole situation. I think the entire Hong Kong society should face up to this problem.

2014 is a year of great momentum and also the most challenging year because the opposition camp launched the illegal Occupy Central movement which lasted for as long as 79 days. They claimed that they would paralyse the financial and economic centre of Hong Kong, and even paralyse the Police Force and the major trunk roads of various districts in Hong Kong. They even charged at the Central Government Offices, the Legislative Council Complex, and so on. Afterwards, they also launched the "shopping" movement. The rule of law in Hong Kong has been under unprecedented attack and the Hong Kong society is seriously lacerated. This is disgusting and has caused much nuisance.

(THE PRESIDENT resumed the Chair)

Benny TAI, one of the organizers, also said to some young people that the rule of law could be realized when they surrendered themselves to the Police after breaking the law. This is ridiculous indeed. Those who have been coaxed by him are really miserable. I have talked to some students who participated in the Occupy Central movement. In fact, the majority of them have never thought of being left with a criminal record or being put in jail in future. They are not psychologically prepared. Apart from the traffic being paralysed, the worst situation caused by Occupy Central and Occupy Mong Kok was that a group of business operators were affected. They were full of grievances. Some of them who did not usually care about other matters too much were also forced to apply for injunctions from the Court. The occupiers were also successful in applying for legal aid in the plea.

The rule of law in Hong Kong is famous among the international community. Hong Kong is a place where common law is adopted. Common law emphasizes procedural justice. Moreover, conviction should be supported

by sufficient evidence, and a defendant is innocent until proven guilty. Under the rule of law, not only are we required to abide by the law, in behaviour, we have to respect other people's living space too. We should have the spirit to respect each other, which is also civilization. When watching television programmes, we often hear the characters say, "See you in Court to resolve the dispute." No matter whether it is about livelihood or financial problem, people will respect the Court for its role in settling disputes. However, if this role is being trampled, the sign of the rule of law is being broken. I believe that the attraction of Hong Kong to international investors, just like the countries quoted by Mr Ronny TONG earlier, will be reduced. This is not acceptable by the Hong Kong people. I very much hope that these egocentric people who think that what they advocate is superior to other people's living and livelihood can really reflect on themselves. I believe that even their early supporters will not agree with them.

After fair and impartial judicial procedures, the Court's judgment is that the occupiers have breached the law. However, some representatives of the legal field from the opposition camp persuaded the occupiers to bridle up at the Court's order, and said that it was not necessary to comply with it. They are trying to reduce the credibility of the Court in the eyes of the public so as to rationalize their unlawful acts. I want to point out that Mr Albert HO, in particular, even compared Hong Kong with Nazi Germany. I feel that they are really insulting Hong Kong. If the Court's judgment is in favour of the opposition camp, they will say that the Court is really nice. If the judgment is not in favour of them, they will trample it. What has the rule of law become? The rule of law is, of course, not just abidance by law. But abidance by law and abidance by the Court's order is definitely an important part of the rule of law. Unless you say that Hong Kong has already lost the rule of law now, and the Courts in Hong Kong are not functioning, then you can say that loudly.

Speaking of not functioning, I have to point out that this year, the Hong Kong Examinations and Assessment Authority (HKEAA) has prepared a model answer on a question on the candidate's views on the concept of the rule of law under the subject of Liberal Studies. The subject report of the HKEAA has surprisingly pointed out that the candidates have weak understanding of the concept of the rule of law, and that they have mistaken law abiding as the rule of law. What does this remark mean? An ordinary candidate will surely think, "It is terrible. Law abiding is definitely not the rule of law, because if I write it this way, I will be criticized and scolded." But in fact, such an answer reflects that

the HKEAA itself is not clear about or does not fully understand the concept of the rule of law. How can it set such a question to assess the students? It is a pity that these students need to take this subject in the examination, which will affect their whole future, as this is a core subject which will determine whether they can be admitted to universities. The HKEAA's answer can be easily misunderstood. However, it has not explained in detail but jumped to the second question after making this remark. It only rebukes the candidates. No wonder the candidates are full of grievances.

The rule of law does not, of course, only include abidance by law. However, you cannot say that law abiding will be misunderstood as a part of rule of law. This reflects that the subject Liberal Studies in the secondary schools has many problems. When the HKEAA assesses the students before it has made clear the subject matter, how can we expect it to teach the students with correct information on the concept? Besides, I notice that in most of the concepts concerning the rule of law, a person is always mentioned in the Liberal Studies textbooks of the secondary schools, and that is Benny TAI. No wonder in the recent few years, the concept of the rule of law has changed to the effect that even breaking the law is not a big deal, as the rule of law can be realized when you surrender yourself to the Police afterwards.

I would hope that the HKEAA and the Education Bureau can face this problem squarely. It is very unfortunate that since 2009, when Occupy Central movement has not yet happened, the question in the examination paper concerned was either about filibustering or referendum. I have already pointed out that these are not suitable for the secondary school students to learn, as they are highly controversial and action-related. The HKEAA assessed them before the Legislative Council has made clear the Council procedures concerned. If the authorities really want to teach the subject of Liberal Studies to them, first of all, it should not be a subject for examination because there is neither syllabus nor teaching material. The teachers also have difficulties in teaching the students. They just cut out the news commentaries and ask students to memorize them. In regard to these highly controversial subject matters, if an assessment is really needed, the professionals concerned should be consulted, instead of letting the teachers teach them in their own way as they just cut out the news commentaries for reference, or letting the HKEAA, which is not an expert in the subject, to make judgment. They should approach the experts in that particular field. For instance, they should find a law professor for legal matters. It should be agreeable to them that this issue should be assessed that way and the answer to

the question should be like this. For example, the so-called rule of law should be explained in a specific way, instead of in a reckless way. This is a core subject and the question should not be casually answered.

Therefore, I feel very disappointed this year, as the Policy Address only slightly mentions the review on Chinese History subject and dare not even mention a word on the subject of Liberal Studies. Nearly 1 000 parents have written to me, and they hope that the teaching method, teaching materials and assessment method of the subject Liberal Studies can be reviewed. Many students even want to have an option on this subject, so that it will not be a compulsory subject. I hope that the Government can face up to this view.

Education is the basis of founding a country. If the path of education goes awry, the future of Hong Kong will also be doomed. In regard to the comment on this Policy Address, I think this Policy Address can be called the post-Occupy Central counter-measures. Participants in the Occupy Central movement cannot, of course, represent the entire next generation. I also know a lot of teenagers who told me, "You have to express it for us. Definitely do not say that the employers are not willing to employ university student in Hong Kong. Many of us do not agree with those who use such methods to destroy Hong Kong's social order." They are exactly the low-profile group.

Even so, we have to face squarely the fact that many young people have participated in this movement. They purely thought that they could achieve their ideal this way. After experiencing the Occupy Central movement, they would become a very depressed and baffled generation. Worst still, many grown-ups tell them that Hong Kong is hopeless. How can they say that to the young people? Hong Kong is still full of opportunities. We are asked to "seize the opportunities". This is what the Policy Address wants to share with the young people, and this is particularly important. I think politically, the Government and various sectors need to face up to the problems of young people, need to communicate and have dialogues with them. Even though there are areas of disagreement between both sides, even though the young people scold us, if they invite us, we have to communicate with them. If they are willing, we have to reach out both arms and shake hands with them.

Our views differ, probably because we were born in different eras, have different experiences, or we really differs in our understanding or even knowledge. I have discussion with an author of *Undergrad* — one of the

members who wrote *Hong Kong Nationalism*, which is being criticized currently — in a radio programme. He surprisingly said that in 1972, when China announced in the United Nations that the three unequal treaties were not valid, China was occupying Hong Kong unreasonably.

What does that imply? It really is a thought of separatism. I asked him where he got that message, and whether he had really studied international law and Hong Kong history. I said that in fact not only Mainland China but also Taiwan agreed that the three unequal treaties were not valid, as China was forced to sign them under war conditions. International law also indicates that they are not valid. I asked, "You are all Chinese. Why will you say that China was occupying Hong Kong unreasonably?" He could not answer. He said that in future, he had to learn more about Chinese matters. When I saw his simple and innocent look, I wanted to discuss more with him. I asked whether there would be opportunities for us to exchange views with them in the University of Hong Kong, for us to discuss with them, instead of inviting only certain people. After discussion with him, he seemed to be willing to listen. Hence, I think we have to communicate with young people. In my view, there are serious problems in knowledge learning. Is that due to the lecturers in universities or the teachings in secondary schools that make them think it that way? I really do not know. I want to find out the reasons too.

However, it is certain that separatism and the idea of "Hong Kong independence" will bring nothing but harm to Hong Kong. Besides, they will also push Hong Kong to a dead end, and our economy will also be ruined. Therefore, we have to face it squarely. In terms of the economy, Hong Kong and various sectors have to face up to the problems. We have to assist young people in going upwards. Hence, in regard to "making the right choices", young people in fact have many opportunities. It is definitely not hopeless. How can the Hong Kong society be so bad? Internationally, I also see that many young people all over the world are coming to Hong Kong to look for chances and to pursue their dream of starting up businesses. It is so easy to set up a company in Hong Kong. People from Europe, the United Kingdom and the United States also want to come to Hong Kong, not to mention those in the Southeast Asian places. Through Hong Kong's geographical environment and economic edge, they want to step into the vast market of China, learn Chinese language and Chinese matters. It does not mean that you have to acknowledge its way, but you can first master the knowledge. Even though an unknowledgeable person has an opportunity, he is still unable to grasp it. As the saying goes, "Chance

favors only the prepared mind". I absolutely have faith … I had also walked past the occupied areas and saw the occupiers. Some young people came to me and said that these people were wasting time in the occupation, and that they would study hard to win the scholarship. There are surely people who think this way. They are also very clear of their own ideals. However, I also saw that in the occupied areas, many people were in fact letting their talents off on their dissatisfaction towards the community.

In fact, politics covers not only referendum and civil nomination. In political science, there is still a lot of knowledge that has not been passed on to the students. We are now only discussing this one topic, and they say that if there is no civil nomination, they will feel hopeless. I think this situation is very bad and they will only attach importance on one side. In my opinion, we should bring them back to the main road. The path of life is very wide. In Hong Kong, 64% of young people want to start an undertaking. I want to tell these young people that if they want to start an undertaking, they should learn how to grasp opportunities. For this purpose, the Government and various sectors, including the business sector, also have to put in their efforts.

A few years ago, the Business and Professionals Alliance for Hong Kong and the Kowloon West New Dynamic put forward to the Government the concept of setting up a youth entrepreneurship fund. In June 2013, the Kowloon West New Dynamic specifically told the Government its hope that the youth entrepreneurship fund would not be less than $300 million. Therefore, I think that the Government has already fulfilled its undertaking as paragraph 160 of the Policy Address mentions that the Government will set up a $300 million Youth Development Fund. However, after two years, I think that $300 million is definitely not enough today. I hope that these young people can find their own way. For instance, the Internet nowadays is a very vast world. With only a little cost, we can help them introduce new products and help them get into the market. I have also experienced the difficulties in starting an undertaking. In the first two years, each company recorded a loss of $200,000 per month, and a loss of $2 million per year. Finally, all the money was spent. Nonetheless, we hope that the wisdom of these young people will bring success. To be successful, they need the assistance from the business sector. Similar to the angel funds of foreign countries, we only need to assist them in human resources and financial management, and may at the same time share with them the information that they need to pay attention when entering the market. The young people are very smart in certain aspects. For example, they have very

good abilities in invention and creativity but they do not have enough experience in dealing with people and will need some mentors to provide them with assistance in political and economic aspects.

Hence, I hope that on the Youth Development Fund, the Government will co-operate with some people who are willing to provide young people with opportunities and assistance to start businesses, and even with some organizations which have successful experience. I opine that co-operation with the business sector has to be obtained so that young people, every one of them, can find their own dreams. As long as these young people are willing to put in their best efforts, I think we will have the responsibility to assist them, in the hope that these precious human resources can develop their strengths in the market, and even in the international market. They may also have the opportunity to enter the Mainland market, where 1.3 billion people live. They can then get their satisfaction instead of seeing despair. Therefore, I fully support the establishment of this Youth Development Fund.

President, in my opinion, many sections in the Policy Address this year have responded to our aspirations, including improvement to water quality and the allocation of $50 billion to retirement protection. I will have in-depth discussions in the related sessions later. President, I so submit.

**MR KENNETH LEUNG** (in Cantonese): President, I will express my views on the economic and financial development under the Motion of Thanks in respect of the Policy Address this year. In the Policy Address this year, there is actually not much coverage on the macro-economic development or the concrete recommendations on the industries. It only covers innovation and technology, creative industries, modernization of agriculture and traditional pillar industries such as tourism and financial industry. However, the Policy Address has not put forward new general directions, while the actual measures are also limited. This is a little disappointing indeed.

I always advocate diversified economic development. Diversification, President, actually refers to two levels. First, it refers of course to diversification of industries, and second, it refers to diversification within industries. What is meant by diversification within industries? We can take the financial industry as an example. In the discussion paper of the Professional Commons, we have mentioned many times that our financial products need to be

diversified. This includes further expanding the product categories and scale of the Hong Kong dollar bond market. We also hope that the Government can further explore some other products, such as Islamic financial products, so as to promote diversified development of the financial market and consolidate the position of Hong Kong as the foreign exchange trading centre in Asia. Of course, in recent years, the Hong Kong Government has also been active in building up the image of Hong Kong as the major asset management centre in Asia. However, in the amendments to the Ordinances concerned, including the amendments to the Ordinance concerning open-end investment companies, as well as mutual recognition of investment funds, I think that the work progress is rather slow. I also hope that the Government can expedite the implementation in these two aspects.

President, after the financial crisis in 2008, the international society has been stepping up supervision on the financial industry. The financial regulation system in Hong Kong is relatively stringent, and this is the edge of Hong Kong. With the increase in economic activities between China and Hong Kong, it is also necessary that the monetary regulation institute of Hong Kong should keep on improving its regulation system in accordance with the global standard in order to cope with market changes.

An authentic example is that there are indeed many China-invested enterprises listing in Hong Kong, and the regulation work concerned also faces more challenges. On the basis of collaboration arrangement between the Securities and Futures Commission and the regulatory institutes in the Mainland on investigation assistance and exchange of information, I think the Government should step up liaison with the regulatory institutes in the Mainland so as to clearly determine the coverage and definition of papers being protected to keep in line with the State Secrets Law of China. A memorandum also needs to be signed in order to assist the Hong Kong auditors, who have to prepare audit reports in the Mainland, to check the audit manuscripts being protected by the state confidentiality agreement through an effective channel and mechanism. A much vexed and annoying problem faced by the sector in recent years is that they cannot see the audit manuscripts. If they cannot do so, President, how can auditors present precise auditors' views?

To explore economic diversification from another angle, one of the highlights is the need to control risk, or so-called risk management, so as to prevent the economy from being overly focused, which may be hardly hit by

fluctuations of global economic conditions. In the previous global economic crisis and Asian financial crisis, Hong Kong has already learnt a hard lesson. Over the past decade, the entire economic structure of Hong Kong has not undergone major changes. In each term, the Government would always chant the slogans of emerging industries and economic restructuring. However, how much has actually been implemented? It seems that the Policy Address still lacks substantial planning and vision. When developing emerging industries, the authorities should set a concrete standard which can be measured. This is to ensure that the economic development policy can be well supported, especially in the areas of land and personnel training, so that economic development will not become an empty talk.

For a sustainable growth of Hong Kong enterprises, I think we need to pay attention to two aspects. Apart from providing support to the existing enterprises to assist them in restructuring and building up the brands, the Government should place more importance on building up the atmosphere of starting businesses, in order to encourage potential business starters to start their own business so as to continue the entrepreneurship built up in the last decades in Hong Kong. However, in the Policy Address, the policy assisting local enterprises and start-up businesses is mainly on monetary assistance, for example, the dedicated fund on upgrading of enterprises and the Youth Development Fund which supports young people to start their own business. Nonetheless, apart from funding, in order to encourage people to start their own business, beside capital and funding, what we need more is a fair, diversified and open social environment which can encourage young people to develop high-value-added industries in Hong Kong.

President, another question reflected in the Policy Address is how the SAR Government's policy can help in the positioning of Hong Kong. This positioning of Hong Kong is not only the positioning of Hong Kong within the country but also the positioning of Hong Kong in Asia or even in the world. We always emphasize that Hong Kong is the world city of Asia. Apart from promoting the economic and trade co-operation between Hong Kong and the Mainland, has the Policy Address actually mentioned the related supportive measures? In the chapter on economic development in the Policy Address, there are, as usual, many paragraphs about economic and trade co-operation with the Mainland, such as assisting local enterprises to develop Mainland market, promoting trade liberalization between Hong Kong and China, as well as assisting

Hong Kong professional services to develop in the Mainland in a preferential way and with preferential treatment. The Policy Address mentions a lot on leveraging the Mainland, but how can we engage ourselves globally?

Paragraph 18 of the Policy Address says, "Industries in Hong Kong, regardless of scale, share a common advantage; that is, Hong Kong is an important link and a 'super-connector' between the Mainland and the rest of the world." At the same time, it also mentions that the Hong Kong Government puts emphasis on building economic ties with both the Mainland and overseas countries. But on the level of concrete measures, are there specific measures? I have written an article on the *Hong Kong Economic Journal* earlier on, mentioning that the SAR Government can actually be more active in promoting the linkage between Hong Kong and the Mainland as well as other countries and districts in Asia from the vision of a region, that is from the vision of Asia. For example, when the Government is drawing up the Free Trade Agreement with the 10 countries of the Association of Southeast Asian Nations (ASEAN), will it adopt some ways of promotion or other measures so that the Southeast Asian countries can have more understanding about Hong Kong? Will it assist Hong Kong enterprises to get into the markets of these countries? Will it promote mutual economic and cultural exchanges between Hong Kong and the cities of ASEAN countries?

What I emphasize are specific policies, measures and guiding principles. Of course, after my article was published, there came the serious criticism from Mr Andrew FUNG, the Information Coordinator for the Office of the Chief Executive of Hong Kong. His reply is that only when Hong Kong set up additional offices in other countries, economic and trade development can be promoted. However, in what countries will the offices be set up? How is the scale of the offices? What will the offices do? These are not mentioned at all. According to Mr FUNG, setting up a few offices can promote the overall economic development of Hong Kong. If this is the thinking of the incumbent Government, I will absolutely doubt it very much.

President, there are my views on the direction of economic and financial development. I will express my other views on other policy areas in the Policy Address in due course.

President, these are my remarks.

**MR JEFFREY LAM** (in Cantonese): President, the Chief Executive has actively raised a number of issues of public concern in this year's Policy Address, putting priority on boosting the economy and benefiting people's livelihood, so as to point the development of society back to the right track.

The Hong Kong General Chamber of Commerce (HKGCC) is always of the view that a good business environment, a sound legal system and a stable society are instrumental to the economic development of Hong Kong. We thus support the policy objective of "(Upholding) the Rule of Law", which was stated at the outset, so as to "pursue democracy", "boost the economy" and "improve people's livelihood". President, the Policy Address has responded to people's fervent demand for, among others, housing and poverty alleviation. It has attached importance to opening up new areas of economic growth and has also put forward new initiatives, showing the authorities' commitment to alleviate the poor and help the vulnerable.

The HKGCC is also of the view that, while the Government should provide assistance to the needy, we should strive to fulfil our responsibility as social enterprises. Many enterprises have actively responded to our call in respect of environmental protection, probity building as well as arts and culture. However, the Policy Address touched very little on support measures to the middle class. It is inevitable that the middle class felt disappointed. We hope that the Government will put forth concrete support measures for the middle class in the Budget to be delivered on 25 February.

President, in fact, the middle class is in an awkward position. Despite earning a higher income than the grass-root families, most of them need to pay tax, pay rents/mortgage of their property, support their parents and shoulder the education expenses of their children. Not to mention the fact that their quality of life continues to deteriorate in the midst of soaring prices and hiking rents. They have become the most oppressed and exploited group of people in society and it is not hard to imagine their discontent with the Government.

The Policy Address contains quite many support measures for the vulnerable groups, but the middle class is left to put their hope of good news on the Budget. Recently, the four major accountancy firms made predictions on revenues of the Treasury, predicting that it would record huge surpluses amounting to some $30 billion to $60 billion. I hope that the upcoming Budget will contain initiatives to increase child allowances and waive rates. I predict

the Government will continue to offer tax rebates this year. Given its huge surpluses, the Government should raise the ceiling of tax rebates to a higher level than that of last year, that is, $10,000.

Besides, many middle-class people have reflected their aspirations to me, saying that not only do they wish that the Government can offer more tax allowances and tax rebates, they also wish that it can face squarely the problems of the middle class, develop our economy effectively and increase social mobility, so that they can climb up the social ladder and genuinely improve their living conditions.

President, economic development lays the necessary foundation for improving people's livelihood. Otherwise, "one cannot make bricks without straw" and development of democracy or livelihood issues would only turn into empty talk.

Regarding economic development, the Chief Executive proposed in the Policy Address the setting up of a number of funds and support schemes to support branding building and develop innovation and technology. At present, innovation and technology have become a burgeoning force for economic and social development. Without innovation and technology, it is difficult for our economy to integrate into our nation's economic development and for Hong Kong to find a new starting point. Hence, innovation and technology benefit everyone, particularly young people. They provide young people with an opportunity to join the creative industries and create their own business. The setting up of the Innovation and Technology Bureau, as mentioned in the Policy Address, concerns not just a small bunch of people, but the entire community. It is an important issue in the whole era.

At present, the pan-democrats have initiated the complete non-cooperation movement by means of manipulating council procedures and filibustering. Such actions have stalled the legislative procedure of a proposal beneficial to Hong Kong. President, filibustering in the Legislative Council has stalled the progress of many livelihood-related issues. This time, if the development of the innovation and technology industries is again delayed, Hong Kong will ultimately end up in a position lagging far behind our neighbouring regions such as Korea, Singapore and Taiwan, and our competitiveness will be further undermined.

One of the reasons the pan-democrats initiated the non-cooperation movement is that they are dissatisfied with the Government led by C Y LEUNG. They are taking the matter personal and not tackling the matter itself. They do everything with an non-cooperative attitude. But, developing innovation and technology in Hong Kong should brook no delay. Members of the pan-democratic camp have sacrificed policies favourable to people's livelihood and destroyed good and bad alike. Such mindset is malicious indeed.

President, MA Yun, Executive Chairman of the Alibaba Group, attended a talk in Hong Kong last week. The venue with some 700 seats was full on that day. Mr MA talked about his dream and shared his experience on how he successfully created his business. He ignited the hope of many young people. However, does Hong Kong have sufficient resources and room for our next generation to realize their dream? What we find is, the pan-democrats are blocking their way out. That is the case in the motion on "Increasing upward mobility opportunities for young people" that I moved last month and they voted against it. Young people should remove the scales from their eyes and see who are obstructing their way out.

As the saying goes, "Resolve political issues by political means". The Legislative Council is a place to deal with council business. Members should be broad-minded and their views need to be tenable. At the talk, MA Yun was asked twice whether young people participated in the Occupy movements could apply for the Alibaba fund created for Hong Kong young entrepreneur. He smiled and said, "Why not?" Innovation and technology do not possess a political stand. Why do Members of the pan-democratic camp have to topple the Innovation and Technology Bureau? Why?

President, the $300-million Youth Development Fund proposed in the Policy Address seeks to assist young people to start their own business. In our opinion, $300 million as the seed fund is acceptable. However, I hope that more money will be injected into the fund when it starts to run smoothly. I also hope that some of the proposals put forth earlier to the Government by the Business and Professionals Alliance for Hong Kong can be adopted, including inviting elite members of the commercial and industrial sectors to act as mentors. Young people's strengths lay in their creativity and forward-looking attitude but they lack experience. It is thus necessary to have some people experienced in the business field to give them a helping hand. This project should be taken forward by corporations experienced in doing businesses, so that these corporations can provide guidance to those who wish to start up their business and increase the

chance of success for young people when they create their own business. We hope that the Government can press ahead the policy of developing the economy and innovation and technology, so as to increase within the next 10 years the middle-class population to 50% of the total population in Hong Kong, and encourage upward mobility for people of different social echelons because a strong middle-class population is the force to stabilize society.

President, the Policy Address especially mentioned the difficulties faced by small and medium enterprises (SMEs) in operating their business. I hope that the Government can propose support measures for SMEs in the upcoming Budget, in particular for those affected by the Occupy movements, and restore overseas enterprises and tourists' confidence in Hong Kong.

The hiking operating costs in Hong Kong and the competitors in the neighbouring regions have put immense pressure on SMEs. I hope the Government will not launch any more measures that will threaten the survival of SMEs. Society needs a harmonious atmosphere for traders to continue to do business. The Occupy Central movement last year has affected the businesses of many traders. If social division persists, it is hard for them to continue to operate their business.

President, the Government should provide relief measures to the SMES affected by the Occupy Central movement, such as travel agents, hotels and restaurants. I also hope that the Financial Secretary will give them good news in the upcoming Budget, such as exempting their business registration fee for this year.

In recent days, after the Occupy Central movement has ended, there emerged the so-called "shopping groups". They usually emerged at times of peak pedestrian flow to disturb the operation of retail shops. Many workers who lived on commission experienced a substantial drop in salary and their earnings were not even enough for them to buy food at the wet market. Their employers, who did not want their staff to suffer and hoped that they could weather the hard times together, gave their staff commission. I suggest that the Government should have a better understanding of the hard times that SMEs are now facing and set up for them a fund which offers low-interest loan. Meanwhile, the Police should take vigilant law-enforcement actions so as to stop these protestors from creating chaos, disturbing public order and dealing a blow to retail trading in the name of shopping.

President, social unrest in any place in the world will inevitably affect the image of the place and dampen tourists' desire to go there for a visit. During the Occupy Central movement, many overseas clients asked me about the situation in Hong Kong, showing that they were very concerned about the stability of Hong Kong. Besides, members of the tourism industry were concerned about the performance of the industry this year. I hope that the Government, together with the Hong Kong Tourism Board and the industry, will do more promotion campaigns overseas to attract high-end tourists to Hong Kong. They should also launch promotional activities in Hong Kong, so as to bring business opportunities to our retail and catering industries. The Government can also take the lead to launch more programmes with local characteristics, such as the "Poor People's Nightclub" where we often visited when we were small. Why can we not create a nightclub or "Tai Dat Dei" in the open space at Kai Tak?

Moreover, the Government is, as stated in the Policy Address, actively considering making use of private developers' capacity to expedite the development of tourism and commercial facilities, and it is striving to start the preliminary study of the East Lantau Metropolis programme. We are supportive of these initiatives as they can provide more local sightseeing places and ancillary facilities, as well as alleviating tourists' impact on society.

Having gone through the bitter dispute over the political system last year, society needs more time to tackle economic and livelihood issues. I hope that the Chief Executive can implement the proposals put forth in the Policy Address, lead society out of the divide and guide Hong Kong to a new start.

President, I so submit.

**MR WONG TING-KWONG** (in Cantonese): President, the Policy Address this year has pointed out the various political and economic challenges faced by Hong Kong while showing a spirit of care for people's livelihood. Speaking particularly of the housing policy, it has devoted much effort to increasing home ownership opportunities for people from different strata, as reflected by its plan to increase the number of subsidized housing schemes on top of expediting its housing construction blueprint. Its sincerity is commendable. The whole Policy Address shows that the Government has put its main focus on people and is willing to take bold actions in the difficult political environment at present. Its sense of responsibility and courage already deserve our appreciation.

But the policies concerning small and medium enterprises (SMEs) proposed in the Policy Address this year are still inadequate, so many SME owners are concerned that they may be neglected. Last year — 2014 — was a frightening year to SMEs. Many SMEs have struggled to hang on up until today, and they are already soaked in a cold sweat. The incident leaving the deepest impression is doubtlessly the Occupy movement several months ago. The three commercial centres in Admiralty, Causeway Bay and Mong Kok were blockaded, and the business of shops along the streets came to a halt. At their worst, the catering industry incurred a daily loss of over $50 million, and retail shops lost as much as 80% of their turnovers. Due to the occupation of various carriageways, the transportation sector faced operating difficulties. And the number of export orders also shrank tremendously.

Many business owners came from the grassroots, and they have literally worked day and night in order to make a living. Although they managed to "survive" the SARS years back, now they were "killed" by the illegal Occupy movement. Not long ago, the media reported that a "student canteen" in Mong Kok called Chuan Ju Restaurant with a history of some 10 years eventually closed down due to the Occupy movement. This is honestly saddening. The 79 days of the Occupy movement literally meant 79 fearful days to SME owners. Most deplorably, they are still haunted with fear even after the total failure of the Occupy movement. The reason is that some people have refused to give up and kept harassing shops like ghosts by staging mobile occupation and "shopping tours". As a result, they are still fearful. Some say that all this is for democracy. But I think that true democracy should mean "people as the masters", should mean "open and above board". Why have they acted so very furtively and dreadfully?

The Occupy movement was the most staggering event in 2014, but the other days were actually marked by various uncertainties. Hong Kong and even the whole world faced a slowdown in economic growth. Economic recovery in the United States remained slow, and from time to time, there were rumours about interest rate hikes and immediate fund withdrawals from emerging markets. Europe likewise faced economic sluggishness. Quantitative easing is only a stopgap and is far from adequate, and its path to economic restructuring is still long. Even the world's economic locomotive — the Mainland — likewise faced a slowdown in economic growth and must conceive ways to maintain the growth rate of its gross domestic product at 7%.

As a small and open economy, Hong Kong is actually no better in the face of the global economic slowdown. Clients have tightened their wallets, and every order has met with repeated demands for a lower price. Doing business has become difficult, and profits are diminishing. Every single cent is literally earned with "blood and sweat". According to the Government's recent projection, as Hong Kong's economic growth rate in 2014 was merely 2.2%, it may plunge into recession if anything goes wrong. So, Hong Kong also faces unstable circumstances.

While profit growth has shrunk, costs rise every day. Hong Kong is a small and densely populated place where rents are exorbitant and wages rise persistently. The turnovers after deduction of all necessary expenses are barely able to sustain the living of many small business owners. Sometimes, they may even face liquidity problems. Since they can hardly obtain any bank loans due to the small sizes of their companies, they may have to cease operation at any time. As a result, their business achievements may end up going down the drain, and employees can hardly keep their "rice bowls".

Many people have said that the business environment in Hong Kong is excellent. This is correct if we view it from the angles of its outstanding rule of law, unobstructed information flow and free markets. However, if we view it from the angles of capital shortage and land shortage faced by SMEs, I would say SMEs are struggling for survival. Honestly, it is very difficult for SMEs to survive in the Hong Kong market as it is full of predatory consortia and keen competition. Therefore, the Government must first deal with their capital and land problems, so as to maintain SMEs' room for survival.

All along, it is very difficult for SMEs to obtain bank loans due to their small sizes and limited assets. Targeting at this problem, the Government launched the SME Financing Guarantee Scheme (SFGS) through the Hong Kong Mortgage Corporation Limited (HKMC) in 2011, whereby loan guarantee would be provided to SMEs applying for bank loans. As banks need not worry about non-repayment, they may approve loan applications more easily.

The 2012-2013 Budget showed that the Government was aware of the threat posed by external economic sluggishness to SMEs, so it further introduced the Special Concessionary Measures, whereby the loan guarantee ratio was raised to 80%, and the guarantee fee was reduced. Since the introduction of the Special Concessionary Measures, the application deadline has been extended year after year. This initiative is indeed a life buoy to SMEs. But applications for

the Special Concessionary Measures will be due at the end of February. I hope the Financial Secretary can propose to extend this benevolent measure in the Budget and even consider the idea of making it a permanent measure, so that SMEs need not worry that banks may "turn off the water tap" at any time. Besides, I hope the Government can discuss with banks the possibility of lowering the interest rates under the SFGS and extending the loan repayment periods, so as to alleviate the loan burden on SMEs.

The Policy Address this year also proposes to continue to assist Hong Kong enterprises in brand building, upgrading and restructuring operations, and exploring domestic sales through the $1 billion dedicated fund. This measure is conceptually desirable. The reason is that after all, the Hong Kong market is very small in size, so in order to expand their operating space, many enterprises must consolidate their brands and "go north" for development. But many members of industries have invariably reflected that the application threshold of the dedicated fund is very high, its application procedures are cumbersome, and the vetting and approval process is too long. To maximize the effectiveness of this measure, the Government must streamline the vetting and approval process, so as to enable enterprises in need to obtain funding.

Moreover, the Chief Executive has also said that the Government will set up a $300 million Youth Development Fund to support innovative youth development activities, including subsidy in the form of matching funds for non-governmental organizations to assist young people in starting their own business.

Young people are creative and vibrant with fewer burdens. It is worthwhile to provide business start-up subsidies to them, as this can help them play to their strengths. But actually, many SME owners start their business in their youth. Afterwards, they gradually develop their business and bring it on the right track. And, one cannot rely solely on creativity and vibrancy to start his business. When providing business start-up subsidies to young people, the Government must teach them ways of running business, such as how to understand market needs, position their products, identify the strengths and weaknesses of their companies, and cut losses when appropriate. They must possess such knowledge and wisdom before starting a business. Otherwise, anyone who starts a business blindly will end up "pouring all his money into the sea", just like an obsessive gambler. And the care for young people will make them suffer.

In addition, it has been learnt that the Government will entrust non-profit-making organizations with the vetting and approval of subsidy applications and fund matching in assisting young people in starting their business. But as everybody knows, non-profit-making organizations aim to provide social services instead of running business and seeking profits. Speaking solely from the commercial perspective, I would say their competitiveness is not the highest. After starting their business, young people must strive to maintain survival in the commercial environment marked by keen competition. Are non-profit-making organizations sensitive enough in vetting and approving applications? Are they able to teach young people the necessary business skills? These issues honestly warrant our concern. I am not denying the abilities of non-profit-making organizations. But the Government must keep watch on how things develop and review the relevant arrangements when appropriate. The Government will consider the idea of inviting outstanding persons from the business sector as voluntary mentors who will share their business skills with those young people with business start-up intention. This is the right thing to do.

I have already spoken from the angle of providing subsidies as a means of resolving the shortage of capital faced by SMEs. But, apart from providing subsidies, reducing the burden on SMEs is also an effective means of resolving their costs-related problems. It looks like quite a number of government policies rolled out in recent years have added to the burden of SMEs. Now, the Government intends to "take actions" on SMEs again, saying that it will conduct studies on the formulation of standard working hours, the abolition of the offsetting mechanism concerning the Mandatory Provident Fund (MPF), and the possibility of increasing employers' MPF contributions for retirement protection purpose. Certainly, SMEs respect the overall interest of society, but then they hope that the Government can pay close heed to industries' views and take account of SMEs' financial abilities before formulating the policy measures concerned, so as to avoid adding to the burden of SMEs as far as possible and draw up win-win proposals for both employees and employers.

In addition to lacking capital, land shortage is also a big headache to SMEs. By "land shortage", I mean there are excessive demands for commercial lands, offices and retail premises. As a result, rents have remained high, so high that some SMEs have to cease operation as they cannot afford the rents. The Policy Address states that the Government will continue to increase commercial land

supply, and the relevant measures include changing land use, developing Kowloon East and Lantau Island, and revitalizing industrial buildings. While these are by no means new measures, I believe they can still alleviate the shortage of commercial space if they are really implemented.

Sadly, the pan-democratic camp now seeks to completely paralyse the operation of the Government. They have launched full-scale attacks on any constructive measures, including filibustering, sleeping on the streets and instituting judicial reviews. For these reasons, I am afraid that Hong Kong will experience many hindrances in the process of resolving its land problem. As the saying goes, "Do your best and God will do the rest." I can only hope that the Government can face up to the difficulties with determination, and continue to take forward its land development policies. Perhaps one day, people will spurn the acts of the pan-democratic camp and stop them causing any more trouble. By then, rents can hopefully go down.

Having talked about the issues of money and land, I now want to speak on the importance of economic co-operation between both places to SMEs. Hong Kong is a tiny place, and its market is small in size. In order to expand their operating space, many enterprises must cast their eyes on markets outside Hong Kong. In view of the Mainland's economic take-off and close proximity to Hong Kong, "going north" to the Mainland has naturally become a popular option for Hong Kong enterprises.

Under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), the Mainland allows Hong Kong to export goods to the Mainland free of any tariff. It has even progressively opened up its trade-in-services market to Hong Kong, and has implemented various preferential policies such as the mutual recognition of professional qualifications. All this has done much help to Hong Kong companies in opening up the Mainland market. But due to differences in the laws of both places, the same old problem of "big doors are open but small doors are not yet open" has arisen. I hope that through the CEPA Joint Working Group and also the networks of the Hong Kong Economic and Trade Offices and its Liaison Units on the Mainland, the Government can continue to help Hong Kong businessmen understand the market, policies and laws on the Mainland, and to foster communication between both places, so as to gradually remove the obstacles posed by "big doors are open but small doors are not yet open".

In addition, I also hope that the Government can play the role as a facilitator and co-ordinate business associations' efforts of identifying sites on the Mainland for the purpose of providing Hong Kong with additional sales and exhibition venues and more channels, so as to enable Hong Kong-brand products to achieve better sales on the Mainland.

The Mainland is now formulating the National 13th Five-Year Plan. Developing innovation and technology is a path that it will definitely follow. It is also in line with the objectives of Hong Kong. For these reasons, the Government should step up co-ordination with the Mainland and strive for Hong Kong's active participation in the National 13th Five-Year Plan, so as to achieve mutual benefits. Specifically, the Government should expressly propose to the Mainland the development of Hong Kong into the country's intellectual and creativity centre, and the provision of specific support for the development of the cultural, creative as well as innovation and technology-related industries in Hong Kong. And, the Government should adopt a series of measures as support. Some examples include jointly promoting the introduction of vetting and approval systems in Hong Kong for original grant patents and the mutual recognition of patents; providing support to Hong Kong for developing markets covering both places, and connecting them to overseas intellectual property management and trade platforms; exploring the organization of an intellectual property import and export fair in Hong Kong once every year; and, encouraging Mainland enterprises to set up research and development centres in Hong Kong, and motivating enterprises engaging in cultural, creative as well as innovation and technology business in both places to open up overseas markets through Hong Kong, so as to upgrade the value of "Made in China" brands.

Co-operation between both places is certainly two-way, in the sense that while some Hong Kong people have "gone north", some Mainland people will "go south". The issue of Mainland visitors is one of the greatest concern. Mainland visitors to Hong Kong have generated tremendous economic benefits, and both large consortia and SMEs have greatly benefited. But due to large numbers of visitors, the capacity of such a tiny and densely populated place as Hong Kong to receive visitors has come to reach its bottleneck, and many problems have arisen, such as the overcrowding of certain districts, drastic increases of goods prices, and misconduct on the part of some visitors.

For the sake of drawing benefits from receiving Mainland visitors and avoiding problems, the DAB issued a proposal at the end of 2013 and recommended the setting up of a shopping centre in the Lok Ma Chau border area, so that inbound Mainland visitors with the main intention of shopping could go there directly to do so, and the pressure on other districts could be diverted. At the same time, this proposal can provide more employment opportunities for New Territories residents and promote the development of district economy. Indeed, this proposal alone can already achieve multiple benefits and "multiple win".

Over the past year or so, I have acted as a "volunteer" and liaised between the Government, land owners, business associations and shop operators, in a bid to identify a suitable site in Lok Ma Chau for setting up the shopping centre on a trial basis. After discussions, I have eventually identified a suitable site on Tun Yu Road along Castle Peak Road — Chau Tau in Lok Ma Chau, which will be considered for the setting up of the border shopping mall. The site is just within five-minute walking distance of the cross-boundary coach terminus. Measuring around 420 000 sq ft, this shopping mall will base its design on the BOXPARK in Britain. Half of the area is intended for selling and promoting Hong Kong-brand products; 20% will be used by the catering industry to operate Cantonese restaurants and tea stalls; and the remaining 30% will be used by certain popular international brands. In addition to facilitating Mainland visitors' consumption and reducing the pressure of visitor flow faced by other districts, I even hope that it can turn into a favourite place among local people during weekends.

The shopping mall is expected to commence operation before the "golden week" beginning from 1 October as far as possible. Certainly, it is just a trial. If it turns out to be a success, I hope the Government can play the role as a facilitator and actively assist in identifying more suitable sites for setting up similar shopping malls, so as to provide visitors and local people with enjoyable places of leisure.

Hong Kong is a free city and a shoppers' paradise. In the face of excessive visitors, we should find ways to divert visitor flow and build more facilities. But we must not reject visitors and shut our door. Therefore, I hope the Government can build a sustainable environment for tourism, so that SMEs can benefit from tourism development.

President, generally speaking, the Policy Address this year has shown care for people's livelihood. But the support measures for SMEs are slightly inadequate. I hope there can be improvements in the Budget.

With these remarks, President, I support the Motion of Thanks.

**MR MARTIN LIAO** (in Cantonese): President, compared with the first two Policy Addresses, the third Policy Address delivered by the Chief Executive during his term of office proposes to dedicate substantial resources in and focus on two major areas: housing; and poverty alleviation, elderly care and support for the disadvantaged. The main axis of this Policy Address is to avert the supply-demand imbalance progressively by means of long term housing strategy, coupled with the implementation of the Low-income Working Family Allowance in order to benefit over 710 000 people from low-income families. All these measures are commendable as they help to meet the immediate needs of the lower classes and have responded to the major concern of the public.

In addition, compared to last year's Policy Address, the Chief Executive has the courage to take a decisive stride on a few controversial issues relating to deep-rooted social conflicts, this shows the Government's determination and commitment to the long-term development of our society. For instance, in respect of the problem of inadequate retirement protection, the Chief Executive has asked the Financial Secretary to earmark $50 billion and the Government will conduct a public consultation exercise on retirement protection in the second half of this year. On the sustainability of healthcare services, the public consultation on the proposed Voluntary Health Insurance Scheme is now underway, the Chief Executive has undertaken that the Government will implement the scheme by legislation subject to the outcome of the consultation.

Nonetheless, what is most disappointing is that this year's Policy Address still lacks a specific policy focus and fails to present a clearly-defined policy blueprint. If we look at the part on economic matters in the Policy Address, we will find that it is still old wine in old bottles, devoid of new bright spots, and gives no regard to Hong Kong economy's urgent need for transformation.

President, as I have said many times, it is rather important to maintain the long-term and sustainable economic development of Hong Kong. Should we want to maintain the long-term development of a society, we must pay equal attention to people's livelihood and economic issues. This year's Policy Address

has put forward a number of short, medium and long-term measures relating to people's livelihood, yet they will become castles in the air without the support from a prosperous economy and an affluent Treasury. Although Hong Kong has $780 billion of reserve this year, the Government has warned of possible structural deficit in the future. Many traditional industries have gradually lost their advantages as their competitors catching up or even excel them, coupled with the lack of new economic bright spots, if the Government still fails to come up with initiatives to address the dilemma that our economy is over-reliant on one single industry, the long-term prosperity and stability of Hong Kong will be destroyed by our own hands.

As Members are aware, now we are proud of our finance and logistic industries, yet according to the current trend of development, the competitive edges of these pillar industries will be superseded within the coming decade. Moreover, Hong Kong's neighbouring regions always have the ambition to develop a diversified economy. Currently, the relatively weak external economy is the best time for Hong Kong to take focused actions, move forward to diversification, dedicate more efforts to develop the emerging industries with more edges and potentials for long-term development into the new bright spots of local economy. If we fail to grasp the opportunity, Hong Kong's development will stagnate and stop growing. Our position, either in terms of international or national significance, will gradually recede. In the long term, the SAR Government will meet a major public finance challenge. At that time it can no longer respond to the needs for social development and public aspirations. Moreover, it will be difficult for the Government to roll out development projects relating to people's livelihood.

President, only a diversified economy can meet the overall interest of our society. Not only will it benefit the Government's policy implementation, it can also enhance the upward mobility of our society, boost various trades and businesses and revitalize the spirit of business venture in Hong Kong. At the same time, more medium and senior positions will be created for the individuals to develop their potentials and talents. Here I would like to reiterate that earlier on, I have expressed my expectations on the Policy Address to the Chief Executive, and that is, the Government should step up its efforts to development the economy, not only should it enhance the edges and competitiveness of traditional pillar industries, it should also provide substantial support to new and emerging industries, accelerate the pace of economic transformation, and move towards a knowledge-based economy with high added value.

Notwithstanding the fact that the Policy Address contains a number of chapters talking about the economy, I find it lack of strength and new ideas. For instance, in response to the shortage of exhibition sites that the convention and exhibition industry has complaint for years, the Policy Address only said the Government will "consider constructing a new convention centre above the Exhibition Station of the Shatin to Central Link around 2020." Another example is, the Government indicated under the chapter of "Innovation and Technology" that it intends "to use Kowloon East as a pilot area to explore the feasibility of developing a Smart City". Nonetheless, our competitor Singapore has announced its plan to evolve into a smart nation, it will output advanced technology while enhancing its competitiveness in a bid to make money from a billion-dollar worth smart city. Singapore has already outlined a relatively clear blueprint, for example, 1 000 sensors will be installed throughout the territory to collect data on air quality and traffic flow; it will implement Internet-of-things for household in an attempt to solve the problem of incompatibility between wearable devices and electric appliances for household; it will also conduct trial on HetNet in order to enable portable equipment to surf freely between mobile and Wi-Fi networks. The facts have proved that should Hong Kong want to maintain its edge in global competition, we must catch up with our competitors in both hardware and software.

President, next I would like to talk particularly about the financial industry, which is our most significant pillar industry. Though Hong Kong is dubbed an international financial centre, the advantageous position of our financial industry is mainly a result of the imperfection in China's system reform and its capital account which has not yet fully opened. Our financial industry mainly focuses on the stock market, the development of other businesses such as bonds, fixed income products and commodities is very slow. Take bond market as an example, the Government has promoted the development of bond market in Hong Kong only through the issuance of iBond, the development efficiency of our bond market is questionable. At the same time, the majority of corporate financing and IPO activities only and over concentrate on the Mainland market, thus their contribution to increase our economic growth is rather limited. Following the growth of wealth in the Asia-pacific region and in face of the increasing demand for high-end and diversified financial products, the SAR Government should grasp the opportunity to enhance and expand the financial industry of Hong Kong by establishing a foothold in other emerging markets.

The report on human capital in financial services recently released by the Financial Services Development Council pointed out that the language, presentation, and communication skills of existing employees have room for improvement; while the private banking and insurance industries are facing severe manpower shortage problem. The Government should develop a comprehensive plan, enhance professional training, foster collaboration between academia and industry, make endeavours to resolve the structural problems of the financial industry and avoid talent mismatch.

This year's Policy Address did not bring any thrilling news to the financial industry, on the contrary, the industry has been shocked by the Government's decision to suspend the Capital Investment Entrant Scheme that have been implemented for nearly 12 years. When various countries and places over the world are so eager to solicit foreign investment, the SAR Government suddenly has the whole entrant scheme suspended, this will absolutely do more harm than good to Hong Kong's economy. This scheme so far has attracted over $210 billion of investment in total, which is an enormous amount of investment crucial to the development of our financial, property and insurance industries, the scheme has brought along considerable economic benefits as well. If the Government suspended the scheme really because it wants to attract overseas talents, it can elect to improve the scheme, moreover, it should announce the details of the relevant scheme expeditiously instead of suspending the existing scheme and arousing wild speculation by the market, which will only pass a wrong message to the market: the policies of Hong Kong are subject to change frequently and quickly. Besides, in recent years, our Government has repeatedly emphasized the idea to develop Hong Kong into an asset management centre, yet the external world may question that the abrupt suspension of the Capital Investment Entrant Scheme is a move running contrary to that idea.

President, I would like to talk about another traditional industry that was not among the pillar industries long ago. I am referring to our manufacturing industry — in the 24 500-word Policy Address, there is not a single word on this industry. Although Hong Kong's economy has already transformed and shifted its focus to the service sector for a long time, we still have 3% of our working population employed by the manufacturing industry. Hence the Government must not overlook this group of people. In recent few years, following the economic reform, the hike in the wages of workers and the new labour law implemented in the Mainland, it is increasingly difficult for Hong Kong enterprises to survive and operate in the Mainland. Many enterprises intend to

move their plants to Southeast Asian countries such as Burma and Cambodia, where costs are lower. Yet Hong Kong enterprises find it difficult to take the first step due to the differences in culture, language and policies. In this respect, through government-level contacts, the Government should assist Hong Kong enterprises to obtain concessions and support in the Southeast Asian countries, and help them establish footholds and develop market in the emerging regions through the provision of subsidies.

President, on new industries, I would like to talk particularly about the innovation and technology industry, which is a subject that the Policy Address has paid much heed to. In fact, innovation and technology is more than just an industry, it is related with the long-term competitiveness of Hong Kong and is the key to promoting the diversification of industries. The Policy Address cited the ranking in the Global Innovation Index 2014 to highlight Hong Kong's efforts and achievements in innovation and technology. Nonetheless, if we believe that innovation and technology is well developed merely because Hong Kong ranked amongst the 10 most innovative places, I would say this is self-deceiving. According to the Index, Hong Kong's ranking is even higher than Israel, Korea or Japan, which are market leaders in innovation and technology, such results is unconvincing. Moreover, if we study the more credible Global Competitiveness Index 2014, we will find that Hong Kong's performance in innovation is just so and so. This shows that instead of spending time and efforts to beautify the facts, the Government should be pragmatic and make extra efforts to address the problems, so that the innovation and technology industry can bloom and prosper in Hong Kong.

To raise the productivity of industrial and commercial sectors, the Government has rolled out a number of support schemes to encourage businesses to increase investment in technological research. However, these schemes failed to generate satisfactory results over the years. Today, the ratio between local industries and the Government in making investment in technological research is only 2:8, which is still quite low. This year's Policy Address proposes to inject $5 billion into the Innovation and Technology Fund (ITF), this is certainly a good move, but the amount of injection is relatively low. Hong Kong's expenditures on technology have been relatively low all the time, in the recent five years, our expenditures on technology account for only 0.7% of our GDP, which has obviously lagged far behind neighbouring countries like Taiwan and Singapore, where the expenditures on research in general account for 2% of GDP; and absolutely incomparable to those countries investing heavily — about 4% of

GDP — in innovation and technology such as Korea and Israel. Moreover, the Government injected $5 billion into ITF when it was established in 2000, yet 15 years later, the Government proposes to make another injection of the same amount. If we take into account the inflation rate, does that mean the Government's injection of fund is shrinking? If so, how can the Government show that it is increasing its investment in innovation and technology?

On the other hand, to promote industrial development, the Government continues to follow the traditional way of providing subsidies to enterprises and research centres. However, according to the OECD *Science, Technology and Industry Outlook 2014*, nearly 60% of the organizations interviewed considered the new ways of support, for example, to provide tax concessions and support by means of venture fund, are even more effective than the traditional way of just providing subsidies. In my view, to assist and support the innovation and technology industry, the Government should have an innovative mindset so as to encourage private companies to play a bigger role in the investment in research and innovation. Only through this can we beef up the ecology system of innovation and technology and create a favourable environment.

Nonetheless, most private companies in Hong Kong are not that keen to invest in technological research. This is mainly because of their preconception that any investment in technology will involve high risks, hence they would rather invest in real estate for stable return. To change this kind of investment mindset and model, the Government should make efforts to share their risks, and join hands with private companies in order to infuse the culture of innovation and technology into society and promote industrial development under the lead of the trade. We can learn from the example of Israel, which has developed rapidly in innovation and technology in recent years. In fact, Israel and Hong Kong share quite a lot of similarities — both places are short of land and natural resources. But Israel has performed remarkably in the development of advanced and new technology and managed to raise the relevant share of GDP to 17%, to a very large extent, this is a result of the efforts and input by the Government in various aspects.

Currently, up to 70% of technological research funds in Israel come from the Government, coupled with comprehensive facilitation policies, the country manages to attract substantial investment from foreign funds, which has become a new impetus for the economic development of Israel. I hope that the SAR

Government can adopt a more proactive approach, enhance incentives to promote collaboration between private companies and research centres/universities, diversify the mode of support, for example, to provide support in the form of financing and tax concession, otherwise the innovation and technology industry will only follow the old track of operation instead of moving forward. Here I would like to call on our colleagues to support the establishment of the Innovation and Technology Bureau. This Policy Bureau will have much to do with Hong Kong's economic competency in the future and it can help a lot in the employment for young people and their starting of new business.

Another emerging industry I would like to talk about is the creative industries. As compared to the previous two years, this year's Policy Address has put more emphasis on the film industry, creative new ideas include considering reserving space for cinemas, and promoting film appreciation among students and young people to build up audiences. This approach to focus on specific hardwares like cinemas and audiences is very different from the previous approach that only gives support to film production. However, whether the above measures can give a lift to our long subsided film industry is questionable.

In fact, the film industry not only provides entertainment to the public, it can generate enormous economic benefits and improve the image of a place. For example, following the prosperous development of the movie and television industries in South Korea in recent years, a "Korean mania" has been actively sought after by the whole Asia, this has brought great benefits to peripheral industries such as tourism, restaurants and catering, fashion, cosmetics, retailing, and so on. South Korea's success is not sheer coincidence, its government has set up innumerable specialized funds involving a total investment of tens of billions of dollars. Hong Kong's music, movie and television industries once dominated the markets of Southeast Asia, however, now they can no longer restore their strength and reputation, what is the reason for that? The Government has all along talked about providing support and has injected $300 million into the Film Development Fund that it set up seven years ago. As of today, less than $100 million has been used to subsidize 30 movies in total, on average, the fund has subsidized four movies each year. Taking the 60 locally produced movies publicly shown in Hong Kong in 2014 as the calculation base, four movies represent only 6% of the annual output of our film industry, everyone can see how effective is the fund.

Now the Government has come up with the new idea to find sites for the construction of cinemas in order to support the film industry. However, the problem currently faced by our film industry is, local films are often criticized for their coarse productions and lack of audiences, as a result, most of the bestselling movies are Hollywood movies. I am afraid whether there is enough cinemas is not the prime concern. In fact, Hong Kong is not short of young, creative talent. The Government's most urgent mission should be to provide the conditions enabling the sustainable development of the film industry, for example, dedicating more resources to organize more courses for training new talent, creating an environment to facilitate creative film production, and assisting the industry in financing to obtain the necessary hardware support, for example, to support the post-production of movies, and so on. At the time when everything is ready, with the necessary talent and good ideas, all these can pave way for the revitalization of Hong Kong's creative industries.

President, in fact, manpower and talent are the most valuable resources for both traditional and emerging industries. Exactly because of this reason, the recruitment of talent has become the major target of the government of various places. Regrettably, Hong Kong lags far behind other regions, particularly behind Singapore, in this respect. To resolve the dilemma of shortage of talent, though the Government has rolled out various policies to recruit talent, including the Quality Migrant Admission Scheme and the Admission Scheme for Mainland Talents and Professionals, these policies fail to generate obvious positive results. Moreover, the high entry threshold is discouraging to foreign talent. In addition, "nice birds would choose to dwell on the right branch", we can successfully attract and retain talent only through the creation of favourable conditions. Nonetheless, the poor air quality, shortage of international school places, expensive rent and property prices, high cost of living and escalating political disputes in Hong Kong have scared a lot of talent away. The report on competitiveness and manpower released earlier on has reconfirmed the above situations.

The Policy Address has proposed two new measures on attracting talent: (1) to attract the second generation of Hong Kong residents who have emigrated overseas to return to Hong Kong; and (2) drawing up a talent list to attract, in a more effective and focused manner, high-quality talent. These two measures are nothing new in other popular immigration destinations such as Australia, New

Zealand and Canada, such measures should be encouraged as they are undoubtedly new attempts to attract talent. I hope the authority concerned can work out the details expeditiously so as to step up Hong Kong's talent recruitment process.

Apart from these two measures, in my opinion, the Government can consider lowering the entry threshold for foreign talent, the existing requirements are indeed too high. Apart from attracting foreign talent, the Government should at the same time make efforts to protect the opportunities for local talents to develop and explore their strengths. When accessing the manpower needs of various industries, the authority should adjust the content of the talent list on a regular basis according to changes in our society and Hong Kong's development needs in the future with a view to preventing manpower mismatch.

In addition, the Government should enhance vocational training and perfect the qualifications framework. Only through this can give young people a clearly defined promotion ladder, which can help them to move upward and at the same time, help Hong Kong to break through its development bottleneck due to the shortage of talent, attract international talent to pool in Hong Kong, so that we can further reinforce our advantages and competitiveness.

President, the Policy Address is not full of new ideas and has many areas for improvement, but overall speaking, the breadth and focus of this year's Policy Address show that it is acceptable and worth our support. Despite that the SAR Government seems to have put more emphasis on housing, land and people's livelihood than the importance of economic development, and fails to achieve a balanced overall development, I hope the Government can make improvements if there is inadequacy, recognize the importance of diversified economic development, allow Hong Kong's economic development to diversify, expand and strengthen it to the extent that it can stand up to the competition from the outside world. I hope that the Chief Executive will lead his team to help Hong Kong catch up quickly with other places and forge sustainable economic growth.

I so submit and support the motion.

**MR CHRISTOPHER CHEUNG** (in Cantonese): President, this is the third Policy Address the Chief Executive has issued in his term of office, and its key subject is "Uphold the Rule of Law, Seize the Opportunities, Make the Right Choices". In the wake of the unlawful Occupy movement which lasted 79 consecutive days, this is obviously enlightening and highly pertinent to our efforts to identify ways to restore our economy, rule of law and social order. Indeed, we need very much to open up a new path to promote the continuous development of Hong Kong, as Hong Kong should not be held back just because there had been an Occupy movement.

In addition to focusing its attention on land development and continuous increase in housing supply, this year's Policy Address has also highlighted a lot of efforts in areas like support for the youth, promotion of innovation and technology, poverty alleviation and elderly care, optimizing our population, as well as healthcare and retirement protection. Instead of repeating the pledges made in the Chief Executive's Manifesto for Election, this Policy Address has succeeded in addressing fully the concerns raised by members of the public, securing the best benefits for the Hong Kong people and striving for the future of Hong Kong. Hence, I would commend it as the best Policy Address Chief Executive C Y LEUNG has presented in his term of office so far. Nevertheless, it seems that the Chief Executive has focused more on the people's livelihood and has not attached enough importance or attention to the economy-related areas, particularly the development of our financial sector, which is one of the four pillars of our economy. Perhaps this is all because the Chief Executive has to redirect our society to its right path.

It is true the financial market was quite peaceful during the Occupy Central period and not subject to any severe impact, but we should not think that everything is under control and free from worry. In fact, the occupation movement has already imposed certain impacts on Hong Kong's status as an international financial centre, our image, as well as external investors' confidence in Hong Kong, although the issues may not be surfaced so quickly. Hence, I believe it is imperative that the Government should carry out some remedial work. Let me cite an example. The Government may enhance communication with the Central Government to seek endorsement for Hong Kong to host some large-scale international meetings for finance ministers at suitable times, so as to highlight the fact that Hong Kong can continue to give full play to our unique advantages with the full support of the Central Authorities, and that our role as a "super-connector" between the Mainland and the rest of the world is by no means damaged by the Occupy Central incidents.

It is an undeniable fact that the Chief Executive and the financial officials have put in their best efforts to promote the Shanghai-Hong Kong Stock Connect (S-HK SC). When everybody was afraid that the Occupy Central movement would affect adversely the launching of the S-HK SC, the Chief Executive made a lobbying journey to Beijing hurriedly to enable the S-HK SC to be introduced officially on 17 November last year. Nevertheless, perhaps we had set our expectation so high at first that the actual transaction volume has failed to meet the daily target since the launching of the S-HK SC, while Mainland investors are giving lukewarm response to southbound investments on Hong Kong stocks under the Southbound Trading Link.

In my view, the fact that the S-HK SC is coldly received and the stock investors on the Mainland are not so enthusiastic about investing in Hong Kong stocks is attributable to the Mainland investors' limited knowledge in Hong Kong's stock market. Besides, the many trading rules also serve to discourage them. Hence, I suggest that the Government of the Special Administrative Region should make joint efforts with the Hong Kong Exchanges and Clearing Limited and the local financial sector by way of the Hong Kong Trade Development Council to conduct more exchanges with the Mainland and organize roadshow to promote Hong Kong's stock market, with a view to further enhancing mutual benefits. As regards the trading rules, I believe they should be relaxed a bit. The RMB 500,000 yuan investment threshold for southbound investments on Hong Kong stocks, for example, will to a certain extent discourage Mainland investors from participating actively in our market. Moreover, under the existing arrangement, the stocks offered under the Southbound Trading Link are mainly the blue chips and Hang Seng Index constituent stocks, but the Mainland investors are mainly retail investors interested more in second and third-tier stocks than blue chips. As such, the S-HK SC should consider offering a choice of quality stocks of small and medium-sized scale for Mainland investors in the next stage. I believe this is the only way to enliven the local stock market, thereby attracting more capital to use our transaction platform to do business.

Regarding the northbound investment in A shares, we can tell from the current situation that the majority of the transactions are focused on funds and the retail investors in Hong Kong are not very enthusiastic about that. As we can all see, of the 500-odd securities brokers in Hong Kong, only slightly more than 100 are participating in the S-HK SC. This is because the admission fee or requirement for participating in the A share-related S-HK SC is too high, as the

majority of the small and medium-sized securities brokers have to invest a considerable amount of funding before they can participate.

Securities dealers participating in the S-HK SC are also faced with another problem. Normally, transactions in securities are conducted in cash and in accordance with the rule of "pay first, get the goods later". Besides, the securities bought are all stored at the clearing house. But then, under the existing arrangement of the S-HK SC, securities dealers are also required to provide an additional 20% deposit for their A share investors, so as to comply with the risk management requirement concerned. Such a requirement is adding gravely to the capital pressure on small and medium-sized securities dealers, thereby reducing their incentive to promote A shares and impacting on A shares' investment atmosphere.

Following the commencement of the S-HK SC, the Shenzhen-Hong Kong Stock Connect (SZ-HK SC) may most likely be launched in Hong Kong later this year. We hope that the relevant parties will learn from the experience gained in dealing with the various problems since the commencement of the S-HK SC and actively seek ways to relax the various limitations. For instances, they may help the small and medium-sized securities dealers to obtain exemption from the requirement of putting additional capital on the existing platform before participating in the S-HK SC and the SZ-HK SC, relax or revoke the $500,000 Renminbi threshold for Mainland investors, increase the number of shares available for investment, and revoke the deposit system. That way, the SZ-HK SC can hopefully be a success and help to enliven the securities markets in both Shenzhen and Hong Kong.

Further still, as the SZ-HK SC is about to commence, the attraction of Qianhai development will be further enhanced. Qianhai is a strategic co-operation platform for Shenzhen and Hong Kong, a more comprehensive SZ-HK SC, and an important bridgehead for the financial co-operation between the two cities. Qianhai will help elevate the financial services industry of the Pearl River Delta Region to a higher level. I hope the Government will expeditiously discuss with the Mainland Authorities under the CEPA framework so that Hong Kong can set up an office in Qianhai to take care of the various businesses. The Government should come up with a concrete policy rather than a concept or framework for the industry to contribute to the intensive co-operation between the financial sectors in Shenzhen and Hong Kong.

President, now I wish to speak on the issue of human resources and monetary resources. In my view, both human resources and monetary resources are indispensable to Hong Kong, which is an international financial centre. The financial services sector is surprised to find the Chief Executive announcing suddenly in the Policy Address the suspension of the Capital Investment Entrant Scheme, which has been in operation for more than 10 years. Over the past years, the investment migrants have brought more than $200 billion into Hong Kong's financial market, thereby boosting greatly the transaction volume of our securities market on the one hand, and helping to promote Hong Kong's asset management sector on the other. When delivering the Policy Address, the Chief Executive has indicated that Hong Kong is not so in need of monetary resources as it was 10 years ago, and what Hong Kong needs now is human resources. I find it very hard to understand why human resources and monetary resources cannot come together. Why must we choose only one out of the two? This is not a zero-sum game. Why must we choose either monetary resources or human resources instead of both? I cannot see any reason why we have to give up one of them.

Speaking of importation of talents, I certainly understand the Chief Executive's idea. In the face of an ageing population, Hong Kong certainly needs to take precautions before it is too late and we have to secure a sound foundation for our economy expeditiously. We can achieve this mainly by two approaches. One of them is to make the pie bigger, which means we have to extend our market; the other one is to maintain population growth. As far as the former approach is concerned, the major task is to enhance co-operation with the peripheral markets and integrate into the Mainland market. Regarding the latter, as our birth rate has been remaining on the low side, we may need to import talents if we want a larger population of youths.

The economic growth of Singapore has exceeded ours in recent years, and one of the factors they rely on is large-scale importation of talents. Having said that, I need to point out that Singapore's situation is different from Hong Kong's, and what works in other places may not necessarily be applicable to us. Hence we do not have to copy everything that works in Singapore. Hence, I agree that we need to import talents, but we should import only the ones we really fall short of rather than turning a green light to all applicants indiscriminately. In a recent report published by the Financial Services Development Council, it is pointed out that as the English proficiency and Putonghua proficiency of our graduates majoring in financial or monetary studies are far from satisfactory, so much so

that the local employers find it hard to hire any of them and may have to consider importing talents from the Mainland. The problem of talent shortage in Hong Kong is worthy of our attention, and we may perhaps consider dealing with the problem from the source. In this connection, we may require our tertiary institutions to perform better, offer more quality and practical courses, and train up more professionals who are experienced in the fields where the Mainland has recruitment needs. If we hastily admit talents into Hong Kong, we can address only the symptoms but not the crux of the problem.

The demand for talents is an important factor for promoting economic development. To attract more talents, we should give priority to training our own talents and supplement this measure with importation of talents. I just hope the Financial Secretary will offer more financial support for the local securities dealers in his upcoming Budget, so that they can encourage the experienced management and front-line personnel to enrol in courses relating to asset management, fund operation or even ways to open up the Mainland market. In that way, the sector will be able to have more professional management personnel and thereby contribute towards the field of investment management which the Government has been promoting actively.

President, it is all the more necessary for us to maintain the momentum of our economy at this post-Occupy Central stage, and we must also make the right choice. We should never act rashly just because a couple of trouble-makers have caused some nuisance; otherwise, there will be more unrest in Hong Kong. If our economic development should be at a standstill, the people's quality of life would certainly decline tremendously.

With these remarks, President, I support Mr Andrew LEUNG's Motion of Thanks.

**MR SIN CHUNG-KAI** (in Cantonese): President, it is a known fact to all that a lot of social problems have been caused to the community of Hong Kong by Mainland visitors coming under the Individual Visit Scheme (IVS), thus aggravating the conflict between Mainlanders and Hong Kong people. As the Year of the Horse is drawing to a close, a large number of Mainland visitors are flocking to Hong Kong for New Year shopping lately, occupying every inch of the ground in districts like Sheung Shui, Fanling, Yuen Long, Tuen Mun, and so on, which have already been crowded with people engaging in parallel trading

activities. According to news reports, on the evening of Sunday, 1 February, over 20 000 visitor arrivals had been recorded at Lo Wu Control Point in just two to three hours, representing a sharp increase of nearly 25% as compared to the figure of the previous Sunday, and the exceedingly large number of visitor arrivals obviously overburdened the Lo Wu pedestrian bridge. With a large number of Mainland visitors with baggage trolleys moving around in various districts, streets are getting very crowded. The daily life of the general public has been adversely affected and the situation have been described by some people as "streets of Hong Kong taken over by Mainland visitors". Last Sunday, the "Liberate Tuen Mun" movement initiated by some netizens to protest against parallel trading activities led to a serious confrontation between the Police and the protesters and in the coming Sunday, some people are planning to initiate a similar movement again to "Liberate Sha Tin". It may be true to say that the nuisance caused by parallel trading activities is an unending nightmare.

According to the results of a questionnaire survey conducted by the Democratic Party on the activities of parallel traders, the majority of respondents considered that the activities of parallel traders affected the daily life of people living in the Northern District while 90% of the respondents concurred that the negative impacts brought about by such activities were getting serious. The three most recognized negative impacts were: blocking the pedestrian way, the increase in consumer prices and environmental hygiene concerns. LEUNG Chun-ying's Government has failed to recognize the gravity of the problem and LEUNG told the press on Tuesday before the Executive Council meeting that overall co-ordination would be undertaken by the cross-department working group from the perspectives of street management and social order. I do not know whether it is because the Government has neither the heart nor the exertion to deal with the problem, or it has turned a deaf ear to the issue.

An analysis of the number of incoming visitors reveals that the number of visitor arrivals last year has already surged through the indicative level of 60 million and reached 60.48 million, among which the number of Mainland visitors has increased by 16%, reaching 47.25 million. The number of Mainland visitors arriving on "one-year multiple-entry IVS endorsement" (multiple-entry endorsement) has also increased by 22.2%, reaching 14 850, and the rate of increase is much higher than the growth rate of 12% for all visitor arrivals. In fact, Mainland visitors are a major source of inbound visitors of the tourism industry of Hong Kong and they account for 78% of the total number of incoming visitors in 2014. According to the projection made by the Hong Kong Tourism

Board earlier, the number of Mainland visitors would increase by 8% this year to a level beyond 50 million, among which the number of same-day visitors would increase by 10.6% or above, reaching an estimated number of about 31.15 million.

Discussions have been held by this Council previously on the problem of an exceedingly large number of IVS visitors and in the past year, there have been voices urging for the negotiation with the Mainland authorities on the abolition of the arrangement of multiple-entry endorsement, but it seems that the Government has failed to make any decision after deliberation and no focused action has been taken to solve the problem. Further discussion can of course be held on the issue of whether the arrangement should be completely abolished but the Government should face squarely the problem. The spending pattern of Mainland visitors in Hong Kong has already shifted from sightseeing and high-end spending in the past to spending on daily goods at present, and a large number of Shenzhen residents flocking to Hong Kong for New Year shopping has also aggravated the problem.

I find it very disappointing and regrettable that in the Policy Address this year, LEUNG Chun-ying has turned a blind eye to the problem arising from the influx of Mainland visitors. Rather, he has chosen to turn the Policy Address into a tool of political struggle to severely criticize and denounce a students' magazine engaging in academic discussion in a way similar to what had been seen during the Cultural Revolution with the intention of suppressing free thinking as what happened in the Mainland. However, he has turned a blind eye to and made no mention of the many problems relating to the arrangement of multiple-entry endorsement.

When the Assessment Report on Hong Kong's Capacity to Receive Tourists was published by the Government at the beginning of last year (that is, 2014), there were already voices in the community asking for a review of the IVS policy. Subsequently, at the instruction of the Chairman of the National People's Congress, ZHANG Dejiang, an assessment on Hong Kong's capacity to receive tourists has been conducted jointly by the Director of Hong Kong and Macao Affairs Office, WANG Guangya, the China National Tourism Administration and the SAR Government, thus impelling LEUNG Chun-ying, who had admonished Hong Kong people not to be conceited before getting rich, to announce in May last year that the Commission on Strategic Development would be consulted on the proposal to reduce the number of IVS visitors by 20%. Nevertheless, the

National People's Congress this year is about to convene and by then, the issue may probably be brought up again and I wonder if the Secretary has any wonderful idea to give us an account of the relevant work progress.

The Government should in fact have a more detailed discussion with the Mainland authorities on the arrangement of multiple-entry endorsement. It is our hope to tackle the problem positively by, for example, exploring the possibility of setting a ceiling on the number of visits permitted (such as 30, 15 or 20 trips per year) for IVS visitors arriving on multiple-entry endorsement, so that the negative impacts brought about by the arrangement can be minimized. As a matter of fact, the arrangement of multiple-entry endorsement has also adversely affected the efforts made in attracting tourists since it has facilitated Shenzhen residents to come shopping in Hong Kong every week, making streets of Hong Kong too crowded even for Mainland visitors with stronger spending power and offsetting our attempts to attract more tourists. Therefore, I hope the Secretary would look into the matter thoroughly and give it the necessary attention since tension would only be heightened if the problem is left unresolved.

The Democratic Party does not encourage … or more correctly, would strongly condemn any violent storming actions. Not only should such actions be discouraged, they should be denounced since we do consider it necessary to tackle the problem at source. We have repeatedly suggested that the Government should deal with the issue through demand management initiatives and as I have mentioned just now, the number of visitor arrivals may be restricted by capping the number of visits permitted each year at a specified number of trips for IVS visitors arriving on multiple-entry endorsement. Imposing a restriction on the number of visits permitted is one of the possibilities while the adoption of fiscal measures is another.

A suggestion has been made by the Democratic Party for the Government to consider levying a land arrival tax on visitors and I have to emphasize that what we are talking about is a land arrival tax. Fiscal measures are in fact already in place to deal with the immigration arrangements for visitors travelling by sea and by air. As we all know, travellers leaving the territory by air are now required to pay an Air Passenger Departure Tax of $120 and those who travel by sea (that is, by ferry) to Macao or the Mainland have to pay a passenger embarkation fee of $11, but no tax is levied on travellers leaving Hong Kong by land. Therefore, consideration can be given to standardizing the immigration arrangements for visitors travelling via sea, land and air transport.

It would of course be administratively easier to levy a land arrival tax than a departure tax since it may not be possible to deny the exit of visitors at border control points for their refusal to pay the specified departure tax. However, visitors arriving at Hong Kong may be denied entry into the territory if they fail to pay the required arrival tax. Thus, it would be feasible for the Government to consider allowing entry of arriving visitors travelling by land only after payment of the prescribed fee and the measure may also be helpful in regulating the number of visitors coming merely for shopping for daily necessities, reducing the number of visitor arrivals to Hong Kong on a regular basis to shop for daily necessities and producing a positive effect in releasing more space for tourists or Hong Kong people.

As for the amount of tax to be levied, we consider that it could be set at a level between $20 and $50, subject to the implementation details and until the growth of the number of visitors slows down. The measure would specifically be targeted at arriving visitors travelling by land since travellers leaving the territory by sea or by air are already required to pay the prescribed fees. I consider the suggested measure worth exploring for regulating the number of visitors by means of fiscal measures. The Secretary may worry that countermeasures would be invited. For example, if a land arrival tax is levied on incoming visitors, would Hong Kong people leaving the territory by land be required to pay a similar tax to the Mainland authorities? In this connection, I believe such measures should be reciprocal and we should bear the consequences.

On the whole, I think the SAR Government should keep the sentiment of discontent in Hong Kong under control and handle the issue expeditiously instead of relying on the use of pepper spray to tackle social conflicts thus arisen. If no attempt is made to prevent the emergence of problems but stopgap measures are adopted instead when new problems arise, such problems could never be tackled at source. Some colleagues have also proposed to handle the matter by diverting tourists, providing more tourist attractions, and so on, which we have discussed on quite a number of occasions previously but I think the problem has already got to the point where it cannot be resolved simply through such means.

We have put forward two concrete proposals. Apart from levying a land arrival tax, consideration can also be given to restricting the number of visits permitted for IVS visitors arriving on multiple-entry endorsement, with the exact number of trips allowed to be determined through negotiation with the Mainland authorities. This is a more targeted measure and should have little impact on

Mainland visitors who travel all the way from Beijing and Shanghai to Hong Kong since they would not come by air twice a week, but a marked impact on visitors coming from Shenzhen.

President, the debate themes of the current debate session cover policy issues concerning air transport facilities too, but it seems that government officials responsible for the policy area are not included in the list of public officers attending and I wonder if this is a mismatch. There is only one point that I would like to mention, that is, the three-runway system project at the Hong Kong International Airport. Questions have been raised on the project during meetings of the relevant committees in this Council but it seems that the issues involved are relatively complicated. The environmental impact assessment process for the three-runway system project has already been completed but we would like to urge the Government to, before implementing the project by taking forward its financing arrangements or commencing its construction works, clarify if there would be adequate airspace capacity in our airspace management when the third runway is commissioned. This is a step not to be omitted since apart from providing adequate land to physically accommodate the new runway, there should also be adequate space in the air for the third runway to operate successfully.

President, there are a few more issues which I would like to raise, including the Shanghai-Hong Kong Stock Connect (S-HK SC) which some colleagues have mentioned just now and the proposed Shenzhen-Hong Kong Stock Connect (SZ-HK SC) under deliberation. I have in fact raised my query concerning the arrangements during meetings of the relevant committees in this Council but a definite answer has not been given to explain the specific measures in place to address my concern. Under both the S-HK SC and the SZ-HK SC to be launched, a channel has and would become available for investors or shareholders of Hong Kong to invest on Mainland shares not subject to the regulation of the Securities and Futures Commission (SFC) of Hong Kong through a regulated sales platform in the territory (that is, the Stock Exchange of Hong Kong Limited). I think the Government should plug this loophole in the existing regulating regime as soon as possible, or else it would be possible for investors of Hong Kong to acquire Mainland shares with high potential risk through the S-HK SC. Although it is right to say that investors have to balance the investment risk themselves, it is a hard fact that follow-up actions by the SFC would be rendered impossible under the circumstances.

The scale of the problem would only be further augmented if the present arrangements are applicable to the SZ-HK SC as well, which will result in a bigger loophole or more room for malpractice. Thus, it is hoped that in the reply to be given later at the end of the current debate session, the Secretary can tell us what protection would be available to Hong Kong people investing in Mainland shares through the S-HK SC or the SZ-HK SC to be launched.

Some colleagues have suggested rendering assistance to the middle class just now and I hope the Secretary, or more correctly the Financial Secretary, who is not present at the moment, would give the issue the necessary attention. It was suggested a few years ago that the problem of an M-shaped society was emerging in Hong Kong. What is an M-shaped society? It refers to a society in which there is an increasing polarization of the rich and the poor while the middle class is constantly shrinking, as opposed to what is commonly found in most of the relatively stable cities or societies. What does the emergence of an M-shaped society imply? It will lead to the gradual disappearance of the middle class. I consider it necessary for the Government to look into the issue since as early as several years ago, the problem of the shrinkage of the middle class and the emergence of an M-shaped society was brought up but after a lapse of a few years, we have only witnessed a further shrinkage of the middle class today. A debate will be held two or three weeks later on the measures to be taken to assist the middle class but apart from that, we should also find out the reason why the problem of an M-shaped society is getting worse in Hong Kong.

Finally, since the Secretary is still present here, I would like to say a few words on our broadcasting policy. Of course, what I am going to say is just a repetition of what has been said but I would still like to reiterate that what we are having now is a television company with "three NOs", namely, no salary payment; no new production but keeps rerunning its previous programmes; no audience as the audience ratings of its programmes have maintained at a low level of not exceeding 1 rating point. However, decision by the Secretary or the Executive Council on the renewal of its licence has been delayed. There are rumours today about the list of potential "White Knights" who could be given the opportunity to take over the television company but it should be a matter of policy rather than the identification of "White Knights". As far as the renewal of the company's licence is concerned, a clear decision should have been made theoretically by end November last year. A clear decision should have been made by the Executive Council since the relevant report was already submitted in mid-November last year. Three months have passed now and I wonder if a decision would be delayed for three years.

I would like to take this opportunity to express my concern to the Secretary and I hope that he would urge — though I am not sure if he has the exertion to do so — for a decision by the Executive Council on the matter as soon as possible. In particular, it is our sincere wish that the Government would reject the application for licence renewal so that Hong Kong people would have a new television broadcaster producing new television programmes for us instead of the existing one which keeps broadcasting cooking programmes hosted by Mrs Lisa FONG some 30 years ago.

I so submit.

**DR KWOK KA-KI** (in Cantonese): President, the Policy Address presented by LEUNG Chun-ying this year has enraged the entire population of Hong Kong, as it has failed to respond to the community's aspirations for livelihood improvement and constitutional reform, and made no mention of the Umbrella Movement which lasted 79 days.

Mr WONG Kwok-hing is not present in this Chamber at the moment. I resent greatly two of the points he raised earlier on. He opined that constitutional reform was just like eating and drinking. I wish to point out that constitutional reform is a very solemn matter. If someone should use thirst quenching as a pretext for making us drink some poison, we would definitely refuse to oblige. In addition, he has also criticized pan-democrat Members for being naive. In this connection, I cannot but heave a deep sigh. The pro-government pact and "royalists" who lend their support to everything proposed to them are actually suffering from "double blindness": they support blindly LEUNG Chun-ying's abominable governance, and support blindly the unconstitutional 31 August Decision of the Standing Committee of the National People's Congress. Their "double blindness" has plunged Hong Kong into an abyss of misery.

LEUNG Chun-ying has turned a blind eye to the existing social division, as well as some gravely important and worrying subject matters our society is concerned with. On the past Sunday, an incident took place in Tuen Mun and I believe nobody wants this to happen. From the very beginning, LEUNG Chun-ying has clearly reprimanded the public for doing wrong and lacking foresight. In his opinion, the public should not charge at the people participating in parallel trading activities or causing any nuisance to tourists.

It is true that Hong Kong has always been a premier city for tourists, but I wish to draw Members' attention to the relevant figures. The Hong Kong Tourism Board has made it clear that of the 64.71 million visitors coming to Hong Kong this year, about 31 million are Mainland visitors who will not stay overnight. No tourism industry of any country or region of the world would welcome parallel traders and visitors coming on "one-year-multiple-entry endorsements" or "one-day-multiple-entry endorsements". We cannot help but wonder why the Government of the Special Administrative Region would regard such visitors as a crucial part of Hong Kong's tourism industry.

In the past, parallel traders and Mainland visitors coming to Hong Kong under the Individual Visit Scheme (IVS) affected only the conventional tourism areas like Causeway Bay, Mong Kok, Tsim Sha Tsui, and so on. Today, however, they are affecting the daily life of every single citizen in Hong Kong, and particularly grass-roots members of the public living in Fan Ling and Sheung Shui in New Territories North, as well as Tin Shui Wai, Yuen Long, Tuen Mun, and even Sha Tin. This coming Sunday, residents in Sha Tin whose normal life has been wrecked by parallel traders will step out and restore Sha Tin. However, the Government still remains indifferent.

While members of the public do not oppose developing our tourism industry, parallel traders and IVS visitors are not a part of the tourism industry. On the contrary, they are poison. That reminds me of a Chinese idiom which goes, "Drinking poison wine to quench thirst." I wonder if anyone would seek to quench thirst by drinking poison wine, but this is certainly not the way to have long-term economic development. If we are to enhance our tourism industry … apart from the Mainland visitors, what other tourists would like to visit the two theme parks in Hong Kong? Would European and American tourists or tourist from Southeast Asia like to do so? Even Hong Kong people are not interested to go. The two theme parks are already very crowded and can hardly accommodate visitors from other countries. Will any visitors from other countries want to come to Hong Kong to squeeze their way around in the midst of the many Mainland visitors? What kind of tourism industry do we have here?

If this situation should be allowed to go on, our society would end up more divided and members of the public would be left more helpless, so much so that they would hate the Mainland Government and the Government under LEUNG Chun-ying even more. Such kinds of development will hinder Hong Kong's

advancement. Among the things that the Government should do to promote economic development, not a single item has ever been implemented. Has the Government ever help our industries to develop? Has the Government ever provided any support for the grass-roots members of the public? As pointed out by a number of Members (including pro-government Members) earlier on, the Government has failed to support the development of the logistics industry, and the so-called effort to promote innovation and technology development is no more than the creation of a Bureau Director post.

Fortunately, some members of the pro-government pact are still willing to tell the truth. Fanny LAW can be regarded as honest in this connection, as she has pointed out that the person to be appointed as the said Bureau Director should naturally be someone in support of the Chief Executive, commonly known as "LEUNG fan". She has really hit the nail on the head. As we have all expected, the purpose of creating a Bureau Director is to accommodate a "LEUNG fan". They have employed various measures to smear the Members who had aptly pointed out in this Chamber that this should not be the right way to promote innovation and technology development, and they have also employed various measures to smear the Members who had tried to prevent them from implementing plans to provide placement for "LEUNG fan". Now I know why they have done all that. It would be a tragedy for Hong Kong if our economy had to rely on IVS visitors and parallel traders.

I would like to quote the remark made by the adorable Principal Magistrate Bernadette WOO Huey-fang, which reads to the following effect: "It is certainly a national shame and a saddening situation if the nationals of a country dare not consume the formula powder produced by their own country".

On behalf of the residents gravely affected by IVS visitors and parallel traders, particularly the residents of Tuen Mun and Yuen Long, I hereby present this couplet to the Government and in particular, Secretary Gregory SO sitting in front of me. This couplet relay fully the heartfelt feelings of the residents who have been affected gravely by parallel traders in this year: "Revoke the arrangement for one-year-multiple-entry endorsements, or Hong Kong will be overflowing with IVS visitors".

I so submit. Thank you, President.

**MR TANG KA-PIU** (in Cantonese): President, of course Hong Kong's economic development cannot rely solely on Individual Visit Scheme (IVS). Therefore, I hope the Finance Committee will pass the motion of the establishment of the Innovation and Technology Bureau this Saturday, so as to allow one more Policy Bureau to take charge of innovation and technological development. This will also bring benefits to Hong Kong. In particular, we can see that in all the emerging economies or industries of our neighbours, our neighbouring cities and countries in South East Asia, which are doing quite well, their G2G initiatives are in fact government-led. Therefore, to allow a bureau to develop a certain industry is not an uncommon thing, as they are very common in South Korea and Singapore. For that reason, Dr KWOK Ka-ki, you need not slap your own face.

This time around, I am going to speak to the two Secretaries on two major areas. Of course I am speaking from the perspective of workers and my speech will be brief. First is to speak to Secretary SO about tourism affairs. As to tourism affairs, just now I said that they were matters about IVS. We have also urged the Government to thoroughly review our capacity and matters concerning IVS, so as to enable the Government to perform better in its management role so that the public will show less resistance to the scheme. We should allow more residents from other Mainland cities to come and visit Hong Kong; otherwise we are doomed to fail, and everyone will feel uneasy upon listening to this.

However, I wish to talk about another issue that employees of the travel and tourism industry are very much concerned. When the competition law is enacted, outbound tour escorts will lose the guaranteed tips or service charge. As announced by the Travel Industry Council, the fare table of recommended tips will be revoked by June. This is disastrous! According to the understanding of the labour union, 80% of tour escorts' income comes from tips. If the fare table is scrapped, each travel agency will have to negotiate with each tour escort on how much a tour group is worth. I am afraid that during this unsteady period, all travel agencies will do their best to drive hard bargains with a view to cutting the cost. They will slash the price as low as possible, and this will put tour escorts out of jobs because the wages would be far too low.

Therefore, I hope Secretary Gregory SO will look into the matter seriously. As the new Commissioner for Tourism has assumed office now, I hope he will take the lead to deal with this difficult issue first. After the fare table of recommended tips is revoked, will the wages of tour escorts and tourist guides be

protected by the minimum wage legislation, so that their wage income will not be worse off than before after the enactment of the minimum wage law? I hope the Secretary will review it. This is the first point.

Second, the issue I have to speak to Secretary Prof K C CHAN is of course the issue concerning Mandatory Provident Fund (MPF). As I do not know if he will be present in the discussion session of other policy areas, I have to speak in this session about this policy area. Of course the Policy Address has mentioned MPF. In paragraph 118, the Chief Executive states that he will continue to improve the MPF arrangements — in particular the introduction of a "core fund" with fee control to address the concerns over "high fee" and "difficulty in making fund choices". I do not know if Secretary Prof K C CHAN's timetable is to officially implement the core fund by 2015. However, I urge the Administration not to make a change in name only by handing over this $50 billion or $60 billion to the incumbent 15 trustees for them to fiddle with. Since we have no confidence in them, they will keep on … for instance, if we tell them the ceiling of the charge is 1%, they will charge 1% forever. We do not think that they will have the motive or impetus to drive down the cost.

Let me cite another example. The provident funds of teachers or the Hospital Authority, the total sum is more or less the same, that is, $50 billion or $60 billion. How much is the charge for them? The total amount of the Subsidized Schools Provident Fund is about $70 billion. We can see from the annual report published recently that the charge is 0.15%, but they will get an annual guaranteed dividend of 5%. The charge on the provident scheme of the Hospital Authority is higher. The total amount is more than $50 billion and the charge is 0.49%. If we say 1% is already good enough, why are the charges for these provident funds are better than ours?

For that reason, I hope the Secretary will look into the issue again or rethink about the issue. Is the concept of public trustee proposed by us really infeasible? Even if the Government would not entrust non-profit-making institutions to oversee the operation of the core fund, at least it should make reference to these provident funds, or to set up a committee under the Tracker Fund, comprising the Secretary or financial experts appointed by him to oversee or monitor the performance of these "administrators" or investment managers, so as to achieve the goal of negotiability and driving down the costs. Otherwise, honestly speaking, at present, these trustees, investment managers and so-called

administrators will only give people an impression that they are just from the same financial institute. In that case, how can they possibly drive down the costs?

For that reason, hard-earned money of wage earners will eventually hand over to MPF fund managers. I reckon that by 2016, we MPF contributors will have to pay $10 billion to these fund managers or financial institutes. Is it worthwhile at all? Therefore, I hope that through the introduction of the core fund, the Government can do something boldly.

Of course, there are other things not mentioned in the Policy Address this time. The Chief Executive originally said he might mention in last year's Policy Address but he eventually failed to do so. This year, there is not even a word about it, which is the off-setting issue. I do not want to make a long speech on it. I just want to say that today, it happens that a financial institute — AIA — asked a scholar, Prof CHOU Kee-lee, to speak on Hong Kong people's view on retirement. Prof CHOU said that if the off-setting mechanism was not resolved, meaning that the off-setting arrangement was not abolished, full portability of MPF benefits could be achieved and Hong Kong's MPF system would retain a defect. I can put it in a more directly way. If we do not deal with the off-setting mechanism, the issue will become a political burden of the MPF system, and it will also become a political burden to the Government of the current term insofar as labour rights are concerned.

I so submit, thank you.

**MR ABRAHAM SHEK**: This session of the debate on this year's Policy Address is on economic development. Basically, what do we mean by economic development? If I may borrow a definition from an American economist, that usually means the Government focuses on improving the standard of living through the creation of jobs, the support of innovation and new ideas, the creation of higher wealth, and the creation of an overall better quality of life. This year, the Chief Executive's Policy Address has embraced all these aspects which constitute economic development.

Furthermore, this can also be grouped into three major categories. The first category is the Government's work on big economic objective, such as creating jobs or growing an economy and developing new industries, as

highlighted in this year's Policy Address. These initiatives can be accomplished through written laws (in the case of the Innovation and Technology Bureau), industry regulations and tax, as highlighted in some of the Government's measures.

The second category covers programmes that provide infrastructure and services, such as better highways, railways, new school programmes and facilities, community centres, hospitals, and so on.

The third category is job creation and big business retention through workforce development programme to help people acquire the needed skills and education. This category also includes small business development programmes that are geared to help entrepreneurs get financing and also forge working relationship with other areas.

President, the Chief Executive tried to embrace in this year's Policy Address all these general aspects of economic development, but could he do it and could he achieve all these objectives and initiatives? It all depends on whether he can get the co-operation of the people of Hong Kong, and particularly, the co-operation of this Council. I hope that with the co-operation he hopes to get, we could have a Policy Address that can be achieved for the benefit of Hong Kong.

To continue with my speech, I would like to go into more detail some of the aspects of the Policy Address. To boost economic development, the Policy Address proposes measures such as injecting $5 billion into the Innovation and Technology Fund, supporting the survival and development of local agriculture, and assisting the development of tourism, convention and exhibition industry, and so on. Although the number of similar economy-boosting measures increases in every Policy Address and Budget, our competitiveness has nevertheless continued to diminish over the years. This is a matter of major concern and a threat to Hong Kong's survival.

After growing by 2.9% in 2013, Hong Kong's growth dropped to 2.2% in real terms in 2014. In contrast, Singapore — which has a similar market model — saw economic growth of 3.9% in 2013 and 2.8% in 2014. This widening gap in performance has appeared during the last few years. Meanwhile, several cities on the Mainland have seen 7% growth in recent years. The GDP growths of both Shanghai and Beijing have already overtaken Hong Kong since 2009 and 2011, respectively.

As the old saying goes, "not advancing is to go back." Many insightful observers are fearful about Hong Kong's prospects and our potential downturn, as highlighted by the fact that our unemployment rate stands at 3.3%. By any international standard, we are at full employment, and in spite of this, we have only achieved a 2% GDP growth. This is really frightening. What will happen if we have a higher unemployment rate? What kind of growth are we going to sustain? That is why this year's Policy Address tries to arrest the frightening position and put Hong Kong back to its position as a major financial centre of Asia.

President, to promote economic development, a sound business environment is essential. As well as a well-developed and healthy legal system, we also need a strong business environment that is not impeded by unnecessary policy intervention and confrontation from this Council. Citizens should be united through better communication and closer co-operation, and policies and measures should be introduced in a timely manner to support economic development. However, all we have seen over the last few years in Hong Kong are disputes, confrontation and conflicts. A recent example is the setting up of the Innovation and Technology Bureau, which has been met with objections, filibusters and total turmoil. Opposing purely for the sake of opposition, some of our pan-democrats have used the United States as an example, saying that the American Government has not established an IT Bureau despite the Americans being the pioneers in global innovation and technology. However, this argument is like comparing apples with oranges. While indeed the United States Federal Government does not use a centralized system of management to develop innovation and technology, the scale of American investment and the extent of its role in numerous innovation projects is not comparable to that of Hong Kong. Nonetheless, the American Government still ultimately controls, facilitates and optimizes the development and the commercialization of its research and products.

In Hong Kong, political disputes and social discontent have politicized every aspect of our life. Instead of being resolved, confrontations have spread to socio-economic areas, creating barriers and obstacles that are hampering our economic development, bringing about political and social instability. Political stability is a paramount concern to investors. Whether they will continue to invest in a place is crucial for an open and free economy like ours.

President, last month, I moved a motion in this Chamber about the problem of the slow progress in vetting and approving funding applications for infrastructure projects, which as I said earlier, represent one of the major categories constituting economic development. I urged the Government to face up to these problems and to proactively join hands with this Council to seek solutions so as to expedite approval of outstanding and new funding applications for infrastructure projects. In the year before, we approved funding of up to $90 billion; last year, the amount approved was $3.6 billion. This year's approved funding really poses a threat to Hong Kong's economic development.

My aim for moving that motion was simple and clear. I just hoped that all parties could calm down and come to the discussion table for the sake of Hong Kong. We should seek resolutions instead of exhausting our time and wasting our resources on confrontations. Yet, despite the good intentions of the pro-establishment Members of this Council, the motion was ignored and left unheeded.

While as I said earlier, Hong Kong's economy remains prosperous with a low unemployment rate of 3.3%, risks and challenges lie ahead. Earlier this week, the Legislative Council Secretariat released a Research Brief on "Four Pillars and Six Industries in Hong Kong: review and outlook", which showed that, of the four pillar industries, the trading and logistics services industry is the largest both in terms of its contribution to GDP and to employment. But its growth rate and job creation potential are lagging behind the other pillars. As the Mainland continues to integrate with the global economy and as competition intensifies from neighbouring ports in the Pearl River Delta, Hong Kong's trade intermediation role is definitely waning. In these circumstances, if we cannot halt our internal discord, we will soon be overtaken by our competitors.

In the meantime, timely assessments, follow-ups and adjustments to government measures are sorely needed in order to ensure the highest levels of effectiveness and efficiency, particularly for measures related to economic development, like the case of the ATV saga. While the Policy Address proposes various new initiatives to encourage economic development, the need for follow-ups and further adjustments is usually ignored or even omitted, making it impossible to assess the effectiveness of these measures. Ultimately, this means that not only are the original policy aims left unmet, but the capacity and credibility of the SAR Government also suffers.

Being a free and open market economy has made Hong Kong the Pearl of the Orient. However, unfortunately, President, the Pearl is losing its shine as the Government lacks the wisdom and vision to strike a balance to maintain a free and open market. On the one hand, it has gone to the extreme of over-intervention, introducing the competition law, the minimum wage law, the milk powder regulation and the pending legislation on maximum working hours. All these make Hong Kong's business environment increasingly inflexible. On the other hand, to make matters worse, the Chief Executive's announced abruptly the immediate suspension of the Capital Investment Entrant Scheme. This has yet left another stain on Hong Kong's prestige as a free and open economy. Capital inflow has long been a decisive factor for the economic miracle of Hong Kong. My advice for the Chief Executive and his team is that this foundation stone should not be altered without ample deliberation.

Thank you, President.

**MR YIU SI-WING** (in Cantonese): President, this year's Policy Address touches more upon housing but it talks relatively less about proposals aimed at economic development. The coverage concerning tourism is just three short paragraphs. There are two new projects, namely Phase 2 development of Hong Kong Disneyland Resort and the construction of a new convention centre on the Shatin to Central Link. The above proposals will help Hong Kong's tourism industry and exhibition industry in the long term, and the industry welcomes them. Nevertheless, in the Policy Address, we cannot see any concrete measures to be implemented in one or two years to solve tourism-related problems. Specific proposals on transportation, infrastructures, conservation and regulation are very few. This is unsatisfactory as it gives the public an impression that the Government's economic poly is a slow remedy, which can never meet an urgency.

As to short-term measures, nothing has been mentioned in the Policy Address about post-Occupy movement support to small and medium enterprises (SMEs). After the Occupy movement, we issued a questionnaire to travel agencies in end October. Of all the respondents, 78% said they were affected by the Occupy movement, which had caused losses to their business and interruption to their original income and expenditure estimate, while 46% expressed that they suffered from a significant decline in turnover when compared with last year's figures and thus hoped for some government help. I believe SMEs affected by the Occupy movement are not limited to travel agencies; they also include the

catering industry, retailing industry, transportation industry and so on. However, the Policy Address has not mentioned ways to help them tide over this difficult time, which has disappointed many SMEs. I hope this year's Budget can address the aspirations of these SMEs by introducing subsidizing measures such as special subsidy scheme or low interest loan scheme for SMEs affected by the Occupy Central movement, so as to mitigate the difficulties faced by SMEs in the coming year.

President, the nuisance to residents caused by visitors in various districts, as well as the issue of how to divert visitors, have not been mentioned in this year's Policy Address. According to the statistics announced by the Hong Kong Tourism Board (HKTB), in 2014, a total of 60.8 million visitors were recorded, in which 46% were day trippers from the Mainland, and many of them were parallel traders. The problem with the daily life of New Territories' residents being disrupted by parallel traders has not been resolved for some time, and there are signs that the problem is extending to other districts. I hope the Government can face the issue squarely. Besides enhancing law-enforcement efforts in collaboration with relevant Mainland authorities to combat parallel trading activities, it should also allocate lands for the development of a shopping centre in the border area to separate the shopping district from residents so that local economy can be promoted and more job opportunities can be created without affecting the residents in the New Territories. A recent report indicates that some enterprises are intending to invest in the development of a shopping centre in the border area which will receive 30 000 visitors a day. It is a positive measure that can bring about the diverting effect. I hope the Government will give appropriate support, and at the same time, it should keep on identifying land for that purpose and look into the feasibility of establishing shopping centres in the vicinity of various land border control points.

With regards to overnight arrivals, we find that in recent years, most inbound tour groups from the Mainland stay in districts such as To Kwa Wan, Hung Hom, North Point, Aberdeen, and so on. To a certain extent, they affect the daily life of local residents. Yesterday I attended a joint meeting to discuss ways to solve the problem caused by a large number of tour groups. Those who have attended the meeting included representatives of the residents in To Kwa Wan and Hung Hom, representatives of various trades, the Police, District Council members, and so on. It was generally considered that in addition to enhancements of law-enforcement efforts and relevant organizational work among various sectors, a common aspiration was that the Government should

recruit and pay for tourism ambassadors who will provide consultation service to visitors. The cost of this service will be minimal, but it can solve the problems faced by the residents in their daily-life. I hope the relevant district will actively follow up the matter.

President, the Policy Address mentions that the Government will continue to give full support to the Airport Authority to implement the three-runway system project at the Hong Kong International Airport, and retail facilities and land will soon be added for logistic purpose in the North Commercial District of the airport. The tourism and aviation sector welcome the extension projects of the airport, as it is a matter relating to Hong Kong's status as a regional and international aviation hub. However, according to recent news report, the Airport Authority has completed the study on the financing arrangements of the three-runway system and proposed to raise fund for the three-runway system by increasing fees and charges, which included levying tax for airport construction from passengers and increasing parking charges for airlines. A lot of companies in the travel industry, including airlines, travel agencies and hotel operators show concerns upon learning the news. They fear that the increase in fees and charges would affect the desire of in-bound and out-bound passengers. Moreover, if the Administration makes a hefty one-off increase in the parking charge of planes, it would add to the operating cost of airlines and the cost would very likely be shifted to ticket prices. I hope the authorities will communicate with all parties and see if there is any better financing arrangement, so as to avoid levies as far as possible and minimize the impact.

President, in order to develop Lantau Island, it was announced in last year's Policy Address that the Lantau Development Advisory Committee would be set up. In my capacity as one of its members, I attended a number of meetings and made a lot of constructive proposals jointly with other members. In this year's Policy Address, quite a number of chapters have touched on Lantau development. Lantau development is a sizable project that span over a long period. It has been discussed for many years. This time around, the Government has restarted this development project. Viewing from the present status, its attitude is positive and aggressive, and what follows next should be the specific project planning stage of all proposals. I hope that officials of all government departments and bureaux will be bold enough to strike a reasonable balance among the interests of all stakeholders according to the content of the Policy Address, and implement the proposals one after another, instead of bogging them down on paperwork only.

President, it was mentioned in the Policy Address that the Government would continue its earnest efforts to seek further market liberalization in the Mainland. In December 2014, the HKSAR Government and the Ministry of Commerce signed the Agreement between the Mainland and Hong Kong on Achieving Basic Liberalization of Trade in Services in Guangdong, ushering in the liberalization of trade in services between Guangdong and Hong Kong. It made Hong Kong's trade and service industries the first to be liberalized under the CEPA framework, and the travelling, banking, security, law and accounting industries will enjoy liberation of different extent. The further opening-up of local sole-proprietorship for tour operators to directly solicit Mainland customers in Guangdong for outbound tours other than Hong Kong and Macao tours by increasing the number of operators from one to five is indeed a good news to Hong Kong's tourism industry. In order to tie in with the change in this new policy, we also hope the Hong Kong Government can help Hong Kong escorts to obtain professional qualification issued the Mainland authorities under the existing framework and take into account the actual situation of travel agencies and escorts in Hong Kong. Under CEPA, Hong Kong escorts may apply for the qualifications for Mainland escorts. However, our educational background, spoken language and written characters are different from those of the Mainland, it is rather difficult for them to obtain the licence. I hope the Government will make some special arrangements in examination and training for Hong Kong escorts … by discussing the matter with the Mainland, so that they can obtain the licence without too much difficulty. After the five travel agencies have started their operation, people in the trade can have better job opportunity and our younger generation can have one more way out.

The Policy Address has also mentioned that the Economic and Trade Offices (ETOs) network in the Mainland would be further expanded after the establishment of the Wuhan ETO and a liaison unit in Liaoning Province, more liaison units would be set up in Shandong Province and the central region. At present, Hong Kong and HKTB have set up a number of offices in various places on the Mainland. The two should have a better defined division of labour in tourism and trade promotion. I suggest that when the HKSAR Government sets up other ETOs in the Mainland, it should communicate with HKTB and look into ways to optimize the offices of both parties with a view to avoiding a waste in resources.

President, there is tourism authority in Hong Kong, but the new Travel Industry Authority (TIA) will be established to replace the regulatory and licensing functions of the Travel Industry Council. The trade hopes that the new

TIA will not smother the room for development of travel agencies by just staying at the stage of drafting and enacting laws. It is more important to enhance the communication with the tourism industry in order to jointly create a better business environment to allow the tourism industry to contribute more to Hong Kong's economy in its capacity as one of the four pillar industries of Hong Kong.

President, the Occupy Central movement has ended, but we still have concerns about its impact on the people's livelihood and economy. Let us take last year's out-bound tour figures of Hong Kong as an example. The stamp duty received from organized tour groups has decreased by 1.8% year-on-year. During the Occupy Central movement in October, out-bound tour revenues decreased by 20%. If we factor in inflation and natural growth, the value of decrease should be over 1.8%. One can see that the Occupy movement has caused direct impact on the spending of Hong Kong people. At the same time, Members of the opposition initiated the non-cooperation movement within the legislature, and the impact is far more significant. The estimated capital cost approved in the last financial year by the Legislative Council was $3.6 billion, which was even less than 5% of that in the 2012-2013 financial year. Affected by the filibustering, the funding proposals of 27 projects in the previous session were not approved. A number of projects were delayed for half year, causing an increase in the project costs by $2.5 billion. Due to the delay in the approval of funding proposals for infrastructure projects, it will cause a hike in the construction cost and the underemployment of workers, thereby adding uncertainty to the prospect of Hong Kong.

In this connection, I urge Members of the opposition to return to the right track as soon as possible and deal with issues concerning the people's livelihood and Hong Kong's economy in a rational way, stop the non-cooperation movement, stop the filibustering, and not to add troubles under the uncertain economic environment, and not to sacrifice Hong Kong by making all these their political bargaining chips.

With these remarks, President, I support the motion of thanks.

**MR CHAN CHI-CHUEN** (in Cantonese): President, the theme of the first debate session of the debate on the Motion of Thanks is "Economic Development", which is also one of the three major focuses of the Policy Address

2015. A number of Members will express their views on what measures they hope the Government to take to support the economic development of Hong Kong and the development of various industries.

Nonetheless, I would first urge the Government to reflect on the things it should not have done in order to avoid impeding economic development and standing in the way of other people who could make money. "Free and open", "big market, small government" and "positive non-interference" were the concepts frequently mentioned in our Economic and Public Affairs textbooks back then. The Government always talked about these concepts before, but it no longer did so since LEUNG Chun-ying took the helm. What is even worse is that he acts in the reverse way and has interfered in many areas out of the will of "one single man".

The best example is the incident of granting domestic free television programme service licences (free TV licences). He disregarded professional advice and public aspirations, and insisted to screen out Hong Kong Television Network Limited (HKTVN). Some joked that what happened to Ricky WONG foretold the future of Hong Kong. A creative, daring, risk taking and capable investor was "murdered" by the Government. Will this send a chill down the spine of the prospective investors who intend to come to Hong Kong and prompt them to cancel their investment plans?

The practice to proactively cater for the needs of businessmen in the British Hong Kong era is no longer followed today. Back then, Ricky WONG introduced "call-back" IDD service to Hong Kong. Moreover, he popularized the technology of ultra-fast fibre-optic. His success was not just a result of his acumen. It was also because the Government knew how to play its role — to assist business development and pave the way for businesses — aptly. The Government should not focus its concern on whether the granting of an additional free TV licence would lead to the consequences as frequently mentioned by Secretary Gregory SO: "cut-throat" malignant competition, which will hurt the interests of the audiences and prompt certain television station to close down. Now I can still remember the remarks made by the Secretary, but I still find it the most ridiculous joke on earth. The Government should avoid doing all these things.

Today, it also comes to our attention that apart from the incident of granting free television licence, the insatiable LEUNG Chun-ying Government suddenly changed the technical standard for mobile television service. On the

licence renewal of Asia Television Limited (ATV), the LEUNG Chun-ying Government kept procrastinating in an attempt to buy time, so as to give ATV — a television station that should not be granted licence renewal — the opportunity to wait for the "white knight" (buyer injection) to come to its rescue, for the Government to have an excuse to approve the licence renewal of ATV, by which ATV can revive its operation.

The day earlier, LEUNG Chun-ying called on the public to remember the Legislative Council Members who have joined the filibuster. In response to his call, I urge the public to remember me, I, CHAN Chi-chuen, am one of those Members. He called on the public to determine their voting preference for the election in the coming year according to these Members' decision to join the filibuster.

In fact, LEUNG Chun-ying is the one who is most fond of and good at filibustering. On 4 November 2014, the Communications Authority submitted its recommendations to the Chief Executive and Executive Council on whether ATV's licence renewal application should be approved. TSAI Eng-meng, one of the shareholders of ATV, revealed that according to the recommendation of the Communications Authority, it was inadvisable to approve the licence renewal application of ATV. In addition, in recent months, ATV has repeatedly defaulted the payment of salary for its employees. Moreover, the Communications Authority has imposed a heavy fine of $200,000 on ATV due to its failure to pay the licence fee. Nonetheless, ATV is still imperishable. It is not required to close its business. On the contrary, its application for licence renewal is likely to be approved.

We should remember this Chief Executive who is so fond of filibustering. He has adopted filibustering tactics on the granting of free TV licences. As such, new free television stations are still out of sight. He has adopted the same filibustering tactics on whether to approve the licence renewal application of ATV, a television station struggling to run its operation. I call on the public to remember him. In the next Chief Executive election, if the people really have the opportunity to elect the Chief Executive by "one person, one vote", and LEUNG Chun-ying happens to run in the election, I urge the public to tell him with the vote in their hands that they do not support him.

According to the latest news today, the Executive Director of ATV Mr IP Ka-po proposed the "one person, one share" rescue plan for ATV. I hope the Communications Authority, Securities and Futures Commission and Hong Kong

Monetary Authority would pay heed to this issue. If the proposal is materialized, I am afraid that it may become another Bitcoin trading scam. Some reporters were very humorous — the Financial Secretary is not in the Chamber now — they asked me to raise a question to the Financial Secretary: Where should one invest his money in, iBond or a share in the shareholding of ATV?

The Government does not grant licence to a creative television station, but it may probably approve the licence renewal application from a television station constantly running old programmes and short of funds. The licence of ATV will expire on 30 November this year. In theory, the Government should notify ATV whether its licence renewal application is successful 12 months in advance. However, it is rumoured that Mr LEUNG Chun-ying, who can influence the agenda of the Executive Council, is still reluctant to include ATV's licence renewal into the agenda. Till when does he want to postpone the issue? Meanwhile, as the issue is left unsettled, ATV's licence is still valid. Even after making the decision, ATV still has a grace period of one year, during which it can wait for the "white knight" to come to its rescue. This is a "buy time" tactic.

Earlier on, a newspaper report revealed that a network company is negotiating with the shareholders of ATV about entering into a contract. That network company is suspected to be the "white knight". By common sense, if a normal investor is invited to invest in ATV, that investor may reply, "Do you think I have a lot of spare money?" In the light of ATV's liability of several billion dollars due to WANG Zheng, I wonder if the investor would still invest several billions of dollars in such a short lived television station. The investor may rather donate the money to construct a university or hospital. Without the endorsement from LEUNG Chun-ying, the Liaison Office of the Central People's Government in the HKSAR, or even the Beijing authority, who would use real cash to acquire ATV — a television station full of problems?

The case of ATV shows that the broadcasting policies in Hong Kong are indeed futile. The Communications Authority can be dismissed as the current situations are not governed by law and the existing mechanism is virtually useless. The Communications Authority has indicated that it will amend the Broadcasting Ordinance, but all these are crap. Even if relevant laws were in place, some people could still enforce them according to their own will.

Not only is the creativity of television programmes smothered, the creation of films also encounters difficulties and obstacles. Some film producers complain that it is extremely difficult to rent sites for shooting films in Hong Kong. They add that the situation was better during the British Hong Kong era and the era of TUNG Chee-hwa. Now they cannot even find a deserted school or hospital for rent. Even if the owner is willing to rent them the place, he will ask for unreasonably high rental. The Government is only paying lip service.

The development of a city's innovation industries relies not only on what they call an Innovation and Technology Bureau also on whether the government can play its role aptly, encourage competition, foster an innovation friendly environment and formulate the relevant policies. Nonetheless, the incident of granting licence to HKTVN, the licence renewal of ATV and the many obstacles hindering the development of film industry in Hong Kong all show that the Government has neither given out a helping hand nor adopted any measures.

To facilitate the development of innovation and technology, simply putting out the signboard of "setting up an Innovation and Technology Bureau" is not enough. It depends also on whether the necessary soil and environment to encourage the development of innovation and technology have been nurtured in our society. Without setting up an Innovation and Technology Bureau, does that mean it is impossible to promote the development of innovation and technology? There are many complaints from the industry. They should ask Secretary Gregory SO to give them an account, as innovation and technology is within his portfolio.

Lastly, I would like to talk about the issue of intellectual property. In this year's Policy Address by LEUNG Chun-ying, the part on intellectual property proposes that Hong Kong should provide intermediary service on intellectual property to the Mainland. At the same time, it proposes to use the Working Group on Intellectual Property Trading established in 2013 as the platform for Asia intellectual property exchange.

The two short paragraphs lack new ideas, showing that the Government only focuses on using intellectual property for profiteering, and it neglects the social function of intellectual property, not to mention striking a balance between protecting intellectual property and the freedom to create, express and think. In "689" LEUNG Chun-ying's eyes, Hong Kong is a place of poverty where there is nothing but money. He wishfully thinks that facilitating the Mainland to

accumulate wealth is the reason for Hong Kong to exist, and the sole purpose of intellectual property is to make money.

The United States, as a nation with a huge creative industry, Article I, Section 8, Clause 8 of the United States Constitution sets out that intellectual property is "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." This shows that intellectual property not just protects the owner of the property right, and it is not devised solely for profits. Intellectual property also has a mission to promote the progress of science, arts and civilization, but of course there is not a word on this in the Policy Address by LEUNG Chun-ying. When we have no policy to foster creativity, innovation and arts, what is the point in having intellectual property? These two paragraphs show that LEUNG Chun-ying has never pondered on means to develop Hong Kong's creative industries. His shortsighted belief is that the Mainland is the only reason for Hong Kong to exist, but he has never pondered on means to strengthen ourselves.

Over the years, the copyright legislation of Hong Kong has been tilting seriously towards the copyright owners, and has overlooked the interests and freedom of creation of the users. The Copyright (Amendment) Bill 2014 is dubbed the "Internet Article 23" by some Internet users. Will the Government grasp the opportunity to adopt the waiver concepts like those applicable to user-generated content in Canada and fair use in the United States. The Bills Committee is scrutinizing the Bill. We will put forth our views to ensure that Hong Kong's copyright legislation can really catch up with international trend, nurture creativity, innovation and arts in order to lay down the most steadfast cornerstone for our creative industries.

I so submit.

**MR JAMES TIEN** (in Cantonese): President, the Liberal Party finds the chapter on Economy in the third Policy Address delivered by the Chief Executive very disappointing. A very good conclusion has been drawn by Mr Vincent FANG, that is, we would give the Chief Executive a passing score of 50 on the whole; a score of 60 for the chapters on people's livelihood and housing; but a score of only 40 for the chapter on economy.

One of the major reasons is that the Chief Executive put forth in his first Policy Address such proposals as the establishment of the Economic Development Commission, the Financial Services Development Council, and so on, while in his second Policy Address, proposals were also put forth to map out the development strategy for Lantau Island through the establishment of the Lantau Development Advisory Committee, work for the commissioning of the Hong Kong-Zhuhai-Macao Bridge, provide shopping, leisure and hotel facilities, set up an Innovation and Technology Bureau. After much discussion, however, the achievement we have accomplished so far is in fact very limited.

At the same time, it the Chief Executive has also pointed out in paragraph 23 of the Policy Address that after the establishment of the Shanghai Pilot Free Trade Zone (FTZ) in the Mainland, additional pilot FTZs would be established in new areas such as Qianhai, Hengqin, and so on. Economic development in a few areas of the Mainland is going on at a very rapid pace and Hong Kong will only lag far, far behind the Mainland with our development at the pace of a snail.

Why would I describe the pace of our development as that of a snail? The answer is very simple and the West Kowloon Cultural District Project is a good example to illustrate my point. With the recent resignation of the Chief Executive Officer of the West Kowloon Cultural District Authority, I really do not know how the development project can implement further on that site which has been left idle for 17 or 18 years since reunification if things continue to go this way. The former Kai Tak Airport site is another example. Apart from the commissioning of the Kai Tak Cruise Terminal, other development projects proposed to be undertaken on the site have been put on hold and in the interim, some one-day tours to the site have to be organized for Hong Kong people. To us, economic development achieved in this manner is indeed gravely disappointing.

It is the Liberal Party's opinion that as far as overall economic development is concerned and from the perspective of the business sector, the policy of positive non-interventionism which the Government had subscribed to when Hong Kong was still under British rule had of course given the business sector much room for development. Nonetheless, legislations enacted in recent years can hardly be described as attempts to relax the restrictions imposed on the business sector. Instead, these are tools to have our hands tied and legislation so enacted has only added to the already heavy burden of the small and medium enterprises (SMEs). That aside, the Liberal Party is of the opinion that to

improve our economy, there are only two feasible measures: first by handling the hardware and then by putting efforts into the software. Hardware refers to land and software refers definitely to talents.

Let me talk about hardware first. According to our calculation, only six pages out of a total of 41 pages in this year's Policy Address are devoted to economic affairs and all the rest are taken up by policy issues concerning housing, public housing and welfare. Of course, when we are talking about policy initiatives included in the Policy Address, things do not necessarily follow the pattern that the more number of pages they occupy the better. It is the concrete details that counts, but concrete details are lacking in the chapter on Economy.

Pursuant to the production target proposed by the Chief Executive for the development of public rental housing (PRH), more land should be identified for the production of 77 000 PRH units and the production target for private housing also amounts to 15 000 units. We concur that there is a need to produce an additional number of new housing units in the next few years to meet the demand. From another perspective, if all sites are earmarked for the production of PRH units or Home Ownership Scheme (HOS) flats during the process of identification of potential sites and no land is reserved for the provision of other ancillary facilities in the vicinity, we do not consider the approach desirable. It would only create another isolated community resembling that of Tin Shui Wai. If more commercial premises such as retail or hotel facilities can be included in these new PRH or HOS sites, greater benefits will definitely be produced for the overall environment or the overall city design of Hong Kong.

Traffic and transport arrangements are also matters of concern. If a series of PRH project are carried out in New Territories East and New Territories West as currently planned, over hundred thousands of people will move into these areas. How will they go to work by then? How many compartments are there in each train running on the East Rail Line via Sheung Shui Station every morning at present? Although passengers may switch to the Island Line at Kowloon Tong Station to Central and with the Shatin to Central Link also included, every train comprises 12 compartments only and it will not be possible to further expand the capacity of Central Station to accommodate more train compartments. Under such circumstances, if the number of people living in New Territories East or New Territories West is greatly increased, how can they travel to work?

Therefore, as far as city design is concerned, apart from producing PRH units and HOS flats in these newly developed areas, we consider it also necessary to reserve more space for the provision of commercial facilities. They should be in proportion to the district population so that local SMEs will be able to operate in such areas. Otherwise, people moving into the new PRH and HOS estates developed in these areas would have to go to work in Central and Tsim Sha Tsui, rendering the ancillary transport facilities far inadequate to meet the demand.

The Liberal Party knows very well that with the current problem of a serious shortage of labour in Hong Kong, it would be very difficult to cope with the increased workload generated from the provision of commercial facilities as mentioned above, in addition to the construction of PRH and HOS flats. According to the Government, an additional supply of 10 000 to 15 000 workers is needed in the construction industry to implement the many proposals it has put forward to provide more PRH units, HOS flats, hospitals, schools and other infrastructural facilities. However, the respective number of workers imported under the Supplementary Labour Scheme in each of the past few years stood only at seven in 2009; one in 2010; 14 in 2011; 284 in 2012; 566 in 2013; 177 from 2014 up till present. The figures added together are only a drop in the bucket as compared to the Government's projection of an additional supply of 10 000 to 15 000 workers required in the construction industry. When exactly will the Government's plan to provide more PRH be completed?

When even PRH projects undertaken by the Government are affected by the problem of labour shortage, construction plans of private housing or other commercial premises, though undertaken by private developers as expected by the Government, will have to face the same problem of inadequate supply of construction workers. The construction costs at present is $4,000 to $5,000 per square foot for premises of regular standards but these will amount to $7,000 to $8,000 per square foot if a higher quality is expected, thus making it rather difficult to have a downward adjustment in the prices of new flats put up for sale. The younger generation have an aspiration for home ownership but as suggested lately, flats to be sold at $3 million are no longer available in Hong Kong, not even in the New Territories. Is this not very depressing to our young people? I think the Government can also imagine.

With regard to the issue of importation of labour, we can see that both Singapore and Macao have imported a very large number of foreign workers. We are also aware that the policy of importation of labour would lead to many

other social problems. For example, where will these foreign workers live? How about their catering arrangements? What should be done if they get sick? We have to address all these are problems. However, for the sake of the overall benefits of our community, we do think that a reasonable number of foreign workers could be imported to solve the problem of manpower shortage in the transport sector as referred to by Mr Frankie YICK.

Is the shortage of drivers a factor leading to long working hours of nearly 10 hours a day for many bus drivers and truck drivers, thus giving rise to a lot of traffic accidents? If suitable workers can be brought in from overseas to work in Hong Kong so that local companies can be provided with an additional supply of labour and may in turn relieve their employees from the need of working overtime, would it be conducive to the overall benefits of Hong Kong? It is our opinion that the Government should be determined to take necessary actions in this regard, or else the problem will only drag on with nothing accomplished and Hong Kong will be the only party to lose. If projects are put on hold due to the filibuster staged by Members of the pan-democratic camp in this Council, the Liberal Party will of course voice our strong opposition, but for those issues mentioned just now such as the provision of PRH, the importation of labour, and so on, the Government can actually handle them on their own and the involvement of this Council would not be necessary.

Finally, I would like to say a few words on the tourism industry of Hong Kong. As the former Chairman of the Hong Kong Tourism Board (HKTB), I agree that it has always been a difficult task to strike a balance in this regard. In my opinion, consideration should be given to the proposal put forward recently by the Government or the HKTB to further expand the coverage of the Individual Visit Scheme (IVS) to other Mainland cities. Although the number of Mainland visitor arrivals from the 49 cities under the IVS has already reached 50 million, over 10 million of which are same-day visitors from Shenzhen. What does that mean? It means that most of these same-day visitors are parallel traders, who have aroused widespread concern among residents in New Territories East and New Territories North but the overall economic benefits they have brought to Hong Kong can hardly be considered significant.

Thus, if consideration is really given to expanding the coverage of the IVS from the current 49 Mainland cities to several other cities, the purpose should only be attracting high spending tourists. To put it in some not so pleasant terms, it is our hope that visitors who are financially well-off will come to Hong

Kong more frequently while those who are not will not come so often. It might not be very appropriate to say so in the past but I believe most people of Hong Kong today will consider that this is a better way to tackle the issue. Otherwise, if the 60 million Mainland visitor arrivals grow at an annual rate of 10%, the number will probably reach 66 million one year later. With such a growth rate, it will not be possible to save Hong Kong from overflowing with people.

High spending tourists coming to Hong Kong in tour groups will not only help promoting the business of tour operators, local restaurants or retail outlets in various districts from Tsim Sha Tsui to Central, they will also bring us marked increase in the overall economic benefits. This is a more desirable arrangement than having the majority of Mainland visitors flocking to a limited number of districts like Fan Ling and Sheung Shui, as witnessed at present. I think a better way to tackle the problem is to increase the number of IVS visitors, while the arrangement of "one-year multiple-entry IVS endorsement" (multiple-entry endorsement) which is offered to Shenzhen residents only and has brought us over 10 million visitor arrivals every year should be abolished or adjusted.

Would the retail sector represented by Mr Vincent FANG be seriously affected in this way? I do not think so because it is a known fact to all that most of the people engaging in parallel trading activities in the two places of Shenzhen and Sheung Shui at present are in fact people of Hong Kong. It is possible that most of them are voters of mine as well as Mr Gary FAN's in New Territories East or New Territories West. The situation can actually be quite tricky to handle. They are all Hong Kong people but are parallel traders too. If the issue is handled in the way as suggested above, will there be any marked difference? I do not think so since the over 10 million Mainland visitor arrivals, though of a significant number, constitute only 20% to 30% of the overall parallel trading activities while the other 70% to 80% are undertaken by parallel traders of Hong Kong.

Reducing the number of Mainland visitors coming on multiple-entry endorsement would not lead to a marked decrease in business turnover of local retailers since 70% to 80% of parallel traders are Hong Kong people. If we really have to tackle the problem, it would be a matter between Hong Kong people as parallel traders have brought us much inconvenience but these traders are actually friends, relatives or family members of Hong Kong people. Hence I think the matter should sooner or later be discussed and dealt with. On the contrary, with the reduction of over 10 million Mainland visitor arrivals, it is

anticipated that the situation will be greatly improved. It is my hope that an increase in the number of IVS visitors will benefit the development of local economy as a whole.

President, I have to keep my speaking time under good control and end my speech on the current debate session for now since I would like to speak in greater detail on constitutional issues in the last debate session. The Liberal Party will, as in previous years, support the Motion of Thanks and vote against all the amendments. Thank you, President.

**MR FRANKIE YICK** (in Cantonese): President, the Chief Executive emphasizes in this year's Policy Address that people's livelihood depends on the economy, and fostering economic development is vital to improving people's livelihood. However, not much has been mentioned in the Policy Address about economic development. With regard to trading and logistics, one of the four pillar industries of Hong Kong, only two paragraphs briefly report that the Government would continue to implement the three-runway system project and the development planning of the Hong Kong International Airport (HKIA). As for measures to promote the logistics industry, I am gravely disappointed that nothing has been mentioned and the trade also shares the same feeling.

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

Both the Liberal Party and the trade are very supportive of the development of the three-runway system project at the HKIA, especially when our counterparts in neighbouring areas are actively developing the aviation industry and rapidly expanding their airport facilities. Let us take Guangzhou Baiyun International Airport as an example. The third runway of the airport has already been opened for operations since the beginning of this month and its expanded airport terminal building 2 will be commissioned in 2018. Furthermore, the construction of airport terminal building 3 as well as the fourth and the fifth runway in the airport is currently under planning and it is expected that the number of destinations the airport is connected to will increase to 130 this year. This number is comparable to that of the HKIA. The total volume of passenger traffic at the airport was 54.78 million last year, coming close to the 63.4 million recorded in the HKIA. Although only 1.45 million tonnes of air cargo throughput was recorded at the

Guangzhou airport last year, and the amount still falls considerably behind the throughput of 4.37 million tonnes recorded in the HKIA, it would be possible for the Guangzhou airport to outperform the HKIA in this regard in the near future with its impressive pace of development. If the development plan for the HKIA is not taken forward at a higher speed, we would inevitably be marginalized. Therefore, to maintain Hong Kong's position as an aviation hub, it would indeed be necessary to implement the three-runway system project at the HKIA and this should brook no delay as the HKIA is now operating close to capacity.

In the Policy Address this year, the Chief Executive has not mentioned as in the past that Hong Kong should develop into an international maritime centre. Emphasis has only been placed on high value-added maritime services to indicate that Hong Kong had what it took to become an important international maritime services hub for China and the Asia-Pacific region, downgrading obviously the development in this respect. Besides, it has always been the Government's usual practice to highlight the important role played by the trading and logistics industry in Hong Kong's economy, emphasizing that it contributes to one quarter of the Gross Domestic Product and currently employs over 700 000 workers. However, it has only been mentioned in the Policy Address this year that there are 500 000 employees in the import and export trading sector and the wholesale industry. I hope the Government is not trying to take the lead to regard the logistics industry a sunset industry. Trading and logistics are in fact operating closely together and only by complementing them with each other can Hong Kong respond to the Mainland's support and expectation announced in the National 12th Five-Year Plan to have the territory developed into an international maritime centre and a centre for storage management and distribution of high value goods. And only by doing so can we propose to the Mainland that ongoing support be given in the National 13th Five-Year Plan for Hong Kong to develop into an international maritime centre.

I agree with the Chief Executive that with the continuous expansion of the Mainland's maritime industry, Hong Kong has the potential to develop high value-added maritime services, including ship management, broking and chartering, finance, maritime insurance, maritime law and arbitration, and so on. However, if the port development of Hong Kong fails to dovetail with the efforts made in this respect and there is neither ocean carrier coming to berth in Hong Kong nor international shipping company setting up its regional headquarter here, we will not be able to bake a bigger pie for Hong Kong to develop high value-added maritime services.

There has been serious congestion at the port terminals of Hong Kong in recent years. The port terminals of Hong Kong once enjoyed great fame for their capacity to handle huge throughput within a very short time frame and the average berthing duration for ship liners was only about 10 hours. Nevertheless, Hong Kong's competitive edge in this respect keeps dwindling and the average berthing duration for ship liners is now counted by days or even by weeks in case of bad weather or an unexpected incident, which shows that congestion at port terminals is very serious. Some trade practitioners have told me that due to the congestion problem, some shipping companies had already switched to use the port facilities available in Shenzhen. The reduction in the number of users has indeed helped to ease the congestion problem in recent months but it is by no means a piece of good news to Hong Kong but a warning instead.

As port facilities and maritime services are mutually dependent, when proposing the setting up of a new body to develop maritime services as highlighted by the Consultancy Study on Enhancing Hong Kong's Position as an International Maritime Centre, the Government should make the promotion of port development one of the functions of the new body. It is estimated that the new statutory body will not be set up earlier than the commencement of the next term of the Legislative Council. As such, when planning for the establishment of the new body and enhancing the functions of the Hong Kong Maritime Industry Council, the Government should support port development in addition to promoting maritime services. It is actually most pressing to tackle the congestion problem at port terminals. Failure to do so would only have more shipping companies forced to give up Hong Kong Port (HKP) eventually and switch to other ports. By then, it would not be necessary for the Government to do anything since the congestion problem is resolved with the leaving of shipping companies.

Given that port development is very important to trading, logistics and maritime services, I hope the Government will implement as early as possible the recommendations on the promotion of port development put forward in the findings of the Study on the Strategic Development Plan for HKP 2030 released recently so as to ease the existing congestion problem at port terminals and improve operational efficiency. With regard to the suggestion contained in the findings of the Study to upgrade Stonecutters Island Public Cargo Working Area (PCWA) to a modern container handling facility for ocean-going or river trade vessels, although the problem of inadequate berths can be ameliorated with the implementation of the proposal, I hope that when the proposed arrangement is

implemented, its impact on operators now operating at Stonecutters Island PCWA can be minimized.

In recent years, in order to reduce transportation costs, cross-boundary transport of cargoes has shifted from trucking to river transport by river trade vessels and barges, by which cargoes are transported to Hong Kong and then re-exported to other places. River cargo throughput has increased from 80 423 tonnes in 2012 to 91 817 tonnes in 2013, representing an increase of 14%. However, after the decommissioning of the two PCWAs in Kwun Tong and Cha Kwo Ling in 2011, the total number of PCWAs in Hong Kong has been reduced from eight to only six at present and the overall berth length has also been reduced by nearly 30%, rendering the number of berths available at PCWAs inadequate to meet the berthing needs of river trade vessels and local barges seeking to load and unload cargoes. Furthermore, it was proposed in the Policy Address last year that berth facilities at the existing PCWAs be allocated for priority use by the recycling industry, which would lead to an increasingly acute shortage of berths. Therefore, consultation should be conducted on the proposal to upgrade Stonecutters Island PCWA for berthing of ocean-going vessels as early as possible before the suggestion is put into actual practice. If operators now operating at the PCWA are affected, I hope that the Government will timely negotiate with the affected operators so that an agreement can be reached on the appropriate arrangements to be made, including measures to replace berths lost as a result of the plan with new ones, so as to minimize the impact on these operators.

We are aware that the Marine Department is conducting a review on PCWA management and it is hoped that apart from reviewing the operations of PCWAs, consideration will also be specifically given by the Government to the trade's suggestion of revising the charging regime of carparking fee from one hour to half an hour, which has been under discussion for many years, and exploring the future development of PCWAs. As a matter of fact, the provision of diversified transportation services is of pivotal importance to Hong Kong's maritime and logistics industries, which has achieved outstanding performance and has acquired the international standing today.

The maritime and logistics industries have always been facing the problem of inadequate land for logistics development. Although the SAR Government indicated in as early as 2009 that a number of permanent sites with a total area of about 29 hectares had been identified in Kwai Tsing District for logistics use with

the aim of developing a logistics cluster to support the sector, only three logistics sites with a total area of six hectares have been made available so far. A survey on the lack of logistics sites was conducted by the Hong Kong Logistics Association in 2013 and the findings revealed that there would be an estimated shortage of about four to five million square feet of storage space. A study was also conducted by the University of Hong Kong and the logistics industry last year on the supply of logistics sites and it was revealed that an additional 70 hectares of land would be needed for the industry to develop.

According to the Government, the 10 hectares of land set aside in Tuen Mun West will be released by phases within this year. However, if the land, as in the previous case of the three logistics sites with a total area of six hectares, would all be released through open tender and awarded to the one who offers the highest bidding price, I am afraid that only large consortia would be able to win the bid in the end and it would be of no help at all to solve the problem of inadequate storage space for small and medium enterprises (SMEs) in the logistics industry. I hope the Government would consider reserving some of the land for the construction of government warehouses and letting out the storage space thus provided to SMEs at reasonable market rent so as to make their operations more commercially viable.

In order to meet the trade demand for land, the Government has been providing temporary sites with no development plan on short-term lease for bidding by practitioners in the trade. As the sites released are often leased under short-term tenancies of only a few years or even several months, it is difficult for trade practitioners to make investment for development in the long term and they may even be forced to wind up their business due to the expiry of the tenancy. Recently, a site leased under a short-term tenancy in Kwai Tsing District for providing public car park facilities for container trucks and articulated vehicles has been recovered within a short period of time on the ground that the site is needed for housing development. Besides, details of the scheme to construct a logistics park at Siu Ho Wan on Lantau Island, which has been under discussion for nearly 10 years, have yet to be finalized and it is also likely that there would be a new twist to the 100 to 150 hectares of reclaimed land planned for the project, which may be used for housing development instead.

We understand that there is a keen demand for housing in the society but it is hoped that in identifying land for housing production, the Government will make efforts to balance the demand for land by other industries. In order to meet the housing supply target for the coming 10 years, the Government has

proposed a number of new town development projects, including those undertaken in Yuen Long South, Tung Chung, Hung Shui Kiu as well as reclamation outside Victoria Harbour, and the trade would raise no objection to these plans. However, we hope the Government will note that some of the sites in Hung Shui Kiu and Yuen Long South are now used as port back-up and open storage. These container yards and open storage areas has come into existence as early as in 1980s for temporary storage of laden containers used to store a wide range of raw materials, transport vehicles, large mechanical equipment, prefabricated building components and as transit depots for cleaning, maintenance and storage of empty containers.

It has come to our attention that the Government's preliminary planning is to accommodate some of the operators operating on "brownfield sites" in multi-storey industrial buildings built on some 30 hectares of "brownfield sites" in Hung Shui Kiu, thereby releasing 160 hectares of land. I support the proposal that some of the users be accommodated in multi-storey buildings so as to release some of the land for other purposes. Nevertheless I hope the Government will first try to understand the reasons why such activities have to be carried out on "brownfield sites". It is simply impossible for some of these operations to move into multi-storey buildings, such as container yards, the storage of heavy mechanical equipment or certain raw materials, and so on. It would be necessary for the Government to provide the operators concerned with alternative sites in other areas so that such container yards and open storage areas may continue with their operations for port back-up purpose.

In an attempt to promote trading, the SAR Government commenced formal negotiations with the 10 countries of the Association of Southeast Asian Nations for a free trade agreement last summer (that is, last July). The logistics industry is very supportive of the initiative and hopes that Hong Kong would be included as soon as possible in this Free Trade Area, which is the world's third largest free trade area with a total population of 1.9 billion, so as to promote our business and trading development and give impetus to local logistics industry.

With regard to maintaining close collaboration with the Guangdong Provincial Government so that Hong Kong would pursue the biggest opportunity in the development of the three new areas of Nansha, Qianhai and Hengqin in the new Guangdong Pilot Free Trade Zone, the Government has the support of the logistics industry. However, I hope the Government will take the initiative to contact trade practitioners and discuss with them about the aspects in which the Government can render assistance. In fact, it is the sincere hope of the sector to

participate in the development of the Pilot Free Trade Zone and with Qianhai actively to develop itself into a bridgehead economy area of the 21st Century Maritime Silk Road proposed by China. Unlimited business opportunities will be open up for Hong Kong if we can seize the opportunity ahead. Trade practitioners are now exploring the possibility of developing a regional electronic platform, thereby enhancing the circulation of port information and the efficiency of customs clearance in both Hong Kong and the Mainland. The success of this depends very much on the active support from the Government.

Moreover, as some Pilot Free Trade Zones are planning to revise or relax their regulation on national cabotage rights in the near future, I hope the Government will strive to maintain the unique competitive edge under the principle of "one country, two systems" enjoyed by Hong Kong at present in handling cargoes involving cabotage rights, so that the revision or relaxation, if any, of regulation in this respect will not come as a severe shock to HKP and our logistics industry.

I share the same views with the Chief Executive, who has indicated in this year's Policy Address that the construction industry is facing the problem of a severe shortage and ageing of skilled workers. If the problem cannot be properly dealt with, it will seriously affect the implementation of other projects and indirectly lead to the escalation of construction costs, while other sectors will also be affected at the same time. Take logistics industry, the sector I represent, as an example. It is also facing the problem of a severe shortage and ageing of workers undertaking various types of skilled works and drivers of different kinds of vehicles. As the salary offered to workers of the construction industry are more attractive, some trade practitioners in the logistics industry have switched to the construction industry. If no improvement is made to the situation, other industries in Hong Kong, including the maritime and logistics industry, will be adversely affected. By then, nobody can afford a flat even though there are property units available for sale. Thus, in order to have the problem of labour shortage resolved within a short period of time, I hope the Government will implement importation of labour expeditiously. Apart from the construction industry, regard should also be given to ensuring that there will be enough drivers for different kinds of vehicles so as to relieve the plight faced by the trade at present.

Deputy President, I so submit.

**MR LEUNG KWOK-HUNG** (in Cantonese): Deputy President, no one is here listening to Members' speeches. Please do a headcount.

**DEPUTY PRESIDENT** (in Cantonese): Will the Clerk please ring the bell to summon Members back to the Chamber.

(While the summoning bell was ringing, some Members left their seats for conversations)

**DEPUTY PRESIDENT** (in Cantonese): Will Members please return to their seats for the Clerk to do a headcount.

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

**DEPUTY PRESIDENT** (in Cantonese): Mr Vincent FANG, please speak.

(Some Members talked loudly)

**DEPUTY PRESIDENT** (in Cantonese): Will Members please keep quiet. Mr Vincent FANG, please speak.

**MR VINCENT FANG** (in Cantonese): Deputy President, I am very pleased to see so many colleagues coming to listen to my speech. *(Laughter)* On the day when the Chief Executive delivered his Policy Address, the Liberal Party said that we could only give it a passing grade. We see that he has done a lot on people's livelihood but failed on the economic front. Personally, I find it more appropriate to call the address an "Emergency Address." Why did I say he failed on the economic front? Perhaps you should not direct the question at me, but rather to the secretaries and public officers with portfolios in finance and the economy who attend this session today. The question is: Do you think the future direction of Hong Kong's economic development has been portrayed in the Policy Address? Has the distribution of economic contributions in Hong Kong

been indicated in the address? Has a forecast of the economic growth and its driving forces in the coming year been made? I have not been able to see any of them in the Policy Address.

Why do I say that the Policy Address looks more like an "Emergency Address"? I say so as I cannot see which direction the Chief Executive is leading Hong Kong to. He is actually working more or less like a certain brand of remedy for urgent illness: quickly fix the belly when a belly pain comes up; and quickly stop a diarrhea when loose bowel movement is the issue. For instance, when a lot of voices in the community are complaining that they have not been able to apply for public rental housing or buy flats, loads of statistics on housing supply will be provided in a rush. We will be told that the number of housing units scheduled to be completed in five years, and the proportion of public and private housing among such units. The locations of sites identified for housing development and the number of units to be built on them will also be listed. If people are saying the supply of commercial buildings in Mong Kok is inadequate, the Mong Kok Market will then be hurriedly redeveloped for the purpose.

Next, when the elderly and the underprivileged pose a lot of demands, the Pilot Scheme on the Community Care Service Voucher for the Elderly is hastily adopted and more subsidized residential care places for the elderly are promised to be provided. After the Occupy incident, everybody says the Government has neglected the needs of young people and hence the Youth Development Fund is put in place straight away. With regard to the inadequate manpower supply, he proposes enhancing the labour importation scheme for the construction industry and introducing measures to unleash women's productivity, and so on. Before the delivery of the Policy Address, whoever shouts for help loudly and woefully will certain get policy response in it.

To put it bluntly, these emergency measures are only watered-down measures. In terms of increasing housing supply, though it is said that sites have been identified for housing development, in most of the cases, they have only been "identified" while a multitude of formalities and procedures are required before houses can be built on them. In the case of importing construction workers, we are stuck at the stage where evidences have to be produced to prove the genuine difficulties in finding suitable employees locally. No forecast has yet been made on the demand for workers by public works projects — I am going to elaborate on this in the next session. But what is most classically absurd? It

probably is the set of measures for economic development, a piece of "candy" which touches the lips without reaching down the throat.

The Chief Executive has highlighted upfront in the Policy Address three equally-important aspects: the constitutional development, the economy and people's livelihood. He talks about the economy before anything else, emphasizing that people's livelihood depends upon the economy; sustained economic development is important to the Government in terms of financial revenues, and to the people in terms of employment opportunities and upward mobility. He has even said that "[s]ome people have underestimated the importance of economic growth."

I was thrilled upon hearing these comments and thought the Chief Executive was finally attaching importance to the economy this time around. Perhaps a blueprint for Hong Kong's future economic development will be drawn up or a number of policies for promoting sustainable economic development will be introduced. But in the end, the Policy Address remains disappointing. In the 12 paragraphs under the "Economy" sub-heading, we are only told that existing policies on the relevant areas will be maintained. For instance, the dedicated fund which assists Hong Kong enterprises to build their brands, upgrade and restructure their operations, and explore domestic sales will continue to be in place. The Liberal Party fully supports the proposed $5 billion injection into the Innovation and Technology Fund. However, the project is in fact developed on the basis of the Hong Kong R&D Centre Programme supported by the Panel on Commerce and Industry long ago.

The Chief Executive has failed to initiate discussion on the economy other than asking the business sector to leverage on the preferential treatments provided by the country. However, we used to say that Mainland enterprises should be encouraged to leverage on Hong Kong's international advantages and its role as a springboard to "go global." To our dismay, circumstances change with the passage of time, and the Chief Executive is now asking us to make good use of the preferential treatments that the country has granted us. Does it mean that Hong Kong has lost its economic advantages and room for economic development? I can say that this is definitely not true.

First, with the economic powerhouse gradually shifting to Southeast Asia, the country attaches great importance to the joint development it has with the Association of Southeast Asian Nations (ASEAN) and is actively promoting the

establishment of the China-ASEAN Free Trade Area. The Chief Executive, in contrast, is only proposing in his Policy Address a study on the needs "to increase the number of offices in the Asian region."

Second, the Panel on Commerce and Industry discussed the convention and exhibition industries yesterday. The Government has spent tens of million dollars on commissioning a consultancy study whose findings indicated that the world convention and exhibition industries would grow at 2.7% and 3% respectively in 2028. However, the growth of Hong Kong's exhibition industry will exceed that of the world average to reach 4%. To grasp this business opportunity, we need to boost our exhibition space. The report pointed out that there was a shortfall of 132 000 sq m of exhibition space at the moment. The Chief Executive has, however, not spared a word on increasing exhibition space.

The development of the exhibition industry can drive the growth of the import and export trade, transport and logistics at the harbour and the airport, apart from bringing us high quality international business people with high spending power. In view of the tremendous business opportunity, the Chief Executive has only devoted a line in the Policy Address on maintaining Hong Kong's role as a regional convention and exhibition hub and that is (I quote) "will consider constructing a new convention centre above the Exhibition Station of Sha Tin to Central Link around 2020." (unquote) He has fallen short of discussing the development of the exhibition industry in the address. We all know that even if a suitable site is located today, we still have to spend about a decade on constructing the venue. How much of our exhibition turnover would have been taken away by our neighbouring countries by the time the construction of the venue completes?

If business opportunity is not properly grasped, it may turn into a crisis. The current-term Government has already met such experience for a number of times. Apart from the exhibition industry, similar developments have been seen in the powdered formula restriction order, the Individual Visit Scheme (IVS) and parallel trading.

This February saw the powdered formula restriction order in place for the third Chinese New Year. The public-sponsored stress test merely said that powdered formula was still commercially unavailable in certain districts. May I suggest that when powdered formula is in short supply in the market, we provide

a guarantee card to each locally-born baby and ask powdered formula suppliers to ensure an adequate supply of powdered formula to these babies. Any surplus powdered formula can be exported of their own accord. Under such a measure, the price of powdered formula will not be hiked in drug stores, the Customs and the Court will also be spared from spending an enormous amount of manpower and resources on a few cans of powdered formula, and from wasting taxpayers' money.

We should have been proud of having attracted IVS tourists on shopping trips. This shows that genuine goods are sold reliably at fair prices in Hong Kong, which highlights our sterling reputation. However, in the last 13 years, apart from having immigration clearance at boundary control points streamlined and thus its efficiency enhanced, no growth has been seen in retail floor space, nor in the number of scenic spots or shopping districts in Hong Kong. Hence, the lives of local residents have been affected by IVS tourists on shopping trips, giving rise to the repeated incidents which target against tourists in recent years. We still remember vividly the clash which took place at Tuen Mun on Sunday and any further development in this direction will lead to intensified China-Hong Kong conflicts. In the end, possibly another round of Hong Kong boycott by Mainland tourists will arise. If this really happens, our neighbouring countries will be very happy as they hold up banners to welcome tourists from China.

The same applies to parallel trading. First, I would like to clarify to some colleagues that parallel trading is allowed under Hong Kong legislation. Parallel goods have indeed helped a lot of small and medium enterprises (SMEs) survive under the monopoly of big consortia. About 70% to 80% of the parallel traders who are now active are Hong Kong citizens and some might even be your electors. With parallel trading, they earn more. The trade also helps economic development at the district level, brings benefits to your constituency and increases the total volume of trade in Hong Kong. The trade may also help realize Miss Alice MAK's wish she expressed a moment ago about reviving the container terminal business. Without demand, how can there be transportation of goods in the terminal? The internal demand in Hong Kong alone cannot sustain the survival of the whole container terminal.

To our frustration, the Government has turned a blind eye to these business opportunities as it neither rationalizes the issues nor provides support to the trade. Eventually, what should have been good business opportunities turns into nuisances which trigger protests and subsequently serious social problems such as

arson. In fact, these problems could have been relieved with the development of shopping complex or warehouse for parallel goods at areas which connect with the Mainland near immigration control points. Regrettably, the Government has not paid due attention to the issue, making no response to it except for a lukewarm comment: These are commercial acts. But are these really commercial acts? All these problems are resulted from government policies. The Government's failure to provide support to the needs induced by its own policies is definitely a dereliction of duties. It is also duty-bound to deal with the resulting social problems that fuel the escalation of China-Hong Kong conflicts.

Lastly, I am even more disappointed with the fact that the SMEs, which have been making quiet contributions to the economic development of Hong Kong, are not even mentioned in the Policy Address. The SMEs, including hawkers and micro-enterprises, suffered the most during the 79 days of the occupation period. The Chief Executive of the Hong Kong Monetary Authority has foretold that we should not expect the Exchange Fund to make money in the forthcoming year due to the poor external economy. Even with thousands of billion dollars at hand, he is uncertain if money can be made. Then, our SMEs will probably be in a state of precarious health, how can they survive the wintry year ahead?

Deputy President, the Financial Secretary has just left. He has repeatedly told the media that he understands the impact which the Occupy movement has made on Hong Kong, with its international image tarnished and SMEs suffered. Hence we hope that concrete responses to the concerns and demands of the SMEs will be made in the Budget speech to be delivered after the Chinese New Year. The officials now sitting in the Chamber, you are in charge of Hong Kong's treasury, as well as its financial and economic development. The future of Hong Kong does hinge on your deeds.

I hope that you are not going to tell us year after year: I do not do this and that for this and that reason. It would be much better if you can tell me this year: I am going to do this and that as they are going to bring this amount of benefit to Hong Kong.

Deputy President, I support the original motion and oppose all subsequent amendments. Thank you, Deputy President.

**MR NG LEUNG-SING** (in Cantonese): Deputy President, I support the motion of thanks moved by you as Chairman of the House Committee, as I think that it shows respect for the convention under Rule 13 in Part B of this Council's Rules of Procedure, and that any civilized legislature should be obliged to do so.

In the face of the unstable global economy at present — Mr Vincent FANG has also talked about this a moment ago — what areas have been given treatment in the Policy Address this year? As we can see, it still focuses on major issues of concern in Hong Kong, and targeting at those areas with comparatively inadequate efforts, such as housing, land and manpower, it has mapped out forward-looking planning to achieve sustainable development for Hong Kong. Besides, it has attached huge importance to improving the community and people's livelihood. On the whole, I think it is pragmatic and aggressive, and therefore deserves our support. Certainly, there is still room for discussion on certain proposals. I will first speak on "Economic Development", the theme of the first debate session.

A marked contrast between this Policy Address and the previous two policy addresses is that the former puts the chapter on "Constitutional Development" before the chapter on "Economy". Its "Introduction" has also devoted long treatment to the relationship between the rule of law, democratic development and economic development. Anyone with discerning eyes can readily understand that this aims to dispel confusion at root and point out the thrust of all problems, rather than to suggest a lesser importance of economic development. I agree to the overall conviction that "Hong Kong is a society that upholds the rule of law. Provided we act in accordance with the law, capitalize on our opportunities and make choices with courage, we will be able to pursue democracy, boost the economy and improve people's livelihood." Let us look at the whole world. How can those regions plagued by frequent warfare and unceasing power struggles possibly concentrate on developing their economies and improving people's livelihood?

Hong Kong is part of China. During the present exceptional times when the world focuses on China's economic development and seeks to establish a connection with it, Hong Kong can optimize its unique dual and interactive advantage of "one country" and "two systems" in the economic and other areas only if it can foster its relationship with the Central Authorities and the Mainland. Recently, some people have advocated "localism". I think it will definitely plunge Hong Kong into seclusion, isolation and even regression to the kind of

dead-end faced by certain secluded peasant economies. If we refuse to progress abreast of the country's rapid development, the best economic and livelihood interests of Hong Kong people will obviously be jeopardized.

The Policy Address has likewise pointed out that Hong Kong is a "super-connector" between China and the rest of the world. For long, Hong Kong has been a place where East meets West, and its laws and systems have converged with those of the international community. Speaking of this competitive edge, other cities in China have been no match for Hong Kong over the past periods, and this is also our "asset" or "endowment". But in order to achieve satisfactory economic development, Hong Kong must also attach importance to its economic relationship with the Mainland and other countries. In this connection, Hong Kong must continue to create conditions by persisting in the promotion of transport and infrastructure development, improving the environment and air quality, and also upgrading people's education level, so that it can turn into a business-friendly and livable city. Only doing all this can induce various industries, organizations and talents from all over the world to converge in this international metropolis of Hong Kong. Deputy President, major world cities are now seeking to develop headquarters economy. They are all taking measures to induce those multinational corporations they need to set up local regional headquarters. I also hope that the Government can adopt more effective measures to enhance the appeal of Hong Kong in this regard.

As reflected by the development of the financial sector … As I have noticed recently, the Heritage Foundation has recognized that Hong Kong is characterized by an efficient and transparent regulatory framework, low and simple taxation, and sophisticated capital markets while also affirming that Hong Kong will continue to offer the most convenient platform for international companies doing business on the Mainland. In this regard, I think Hong Kong should still focus particularly on preserving the existing features mentioned above in implementing policies, and should not introduce any casual changes.

Since its return to China, Hong Kong has remained a sophisticated international financial centre with comprehensive management systems and smooth business operation. All this has contributed to Hong Kong's economic development over all these years. The direct and indirect contribution of the financial sector accounts for as much as 22% of Hong Kong's GDP. I have noticed that the growth in the GDP contribution of the financial services industry has shown a trend of deceleration recently. While its contribution once

increased drastically by 126% from 2002 to 2007, it only rose by 7% between 2008 and 2012. For this reason, we must identify new growth areas.

Speaking of the opportunity presented by the internationalization of Renminbi recently, Hong Kong has the honour to take up the role as the testing ground for the country's financial reform. In the long time to come, Hong Kong will shoulder heavy responsibilities. Recently, the country proposed to take forward a global Renminbi clearing system and launch networks in major world cities. As Hong Kong enjoys the advantage as the "pioneer", I believe this is both a challenge and also a new and great opportunity to Hong Kong. Hong Kong should dovetail with the successive launching of Renminbi offshore centres in various places, in a bid to create a win-win or even a "multiple-win" situation. In addition, the financial services industry in Hong Kong must develop towards diversification and expand the asset classes on the financial market. The Financial Services Development Council has compiled 12 reports on the development of Hong Kong's financial industry. The latest report has pointed out that Hong Kong faces a demand-supply shortfall in its financial services talents, and the shortfall is particularly acute in the personal banking and insurance industries. This has aroused the concern of various sides. I hope the authorities can give a timely response to the relevant recommendations and formulate specific measures, so as to bring the financial services industry to a new phase of development.

The financial sector approves of the Government's additional efforts to support the financial services industry. Such efforts include striving for the mutual recognition of funds between the Mainland and Hong Kong, expediting the implementation of the Shenzhen-Hong Kong Stock Connect, and further relaxing the relevant restrictions. I hope these measures can further reinforce Hong Kong's position as a leading offshore Renminbi business centre.

Innovation and technology are important to upgrading Hong Kong's economy. Having entered the 21st century, the world has put its focus on innovation and technology competition. If the progress of Hong Kong slows down even just a little bit, it will lag behind and lose its competitiveness. For these reasons, I support the Government's unceasing efforts in proposing to establish the Innovation and Technology Bureau recently. Only by fulfilling the bureau's co-ordinating function can Hong Kong have additional capability to meet any new and greater challenges to its sustainable development.

Around the time when the Policy Address was announced, I noticed how the strengthening of the US dollar had come to "make waves" in the financial market. Hong Kong definitely cannot go off guard. Hong Kong practises the linked exchange rate system, meaning that it does not have any independent monetary policy. Therefore, the impacts of the US dollar gaining strength will generally be digested through adjustments to the real economy. I suggest that the Government should attach importance to prospective studies and formulate appropriate emergency and precautionary measures, so as to prevent and alleviate the possible impacts and repercussions in the future.

Deputy President, the Policy Address this year has stated that with a view to dovetailing with the country's impending National 13th Five-Year Plan, the SAR Government has submitted its proposals to the Central Government. A particular proposal is on the inclusion of nine issues into its written submission to the National Development and Reform Commission, as recommended by the Commission on Strategic Development. Three out of the nine issues pertain to financial services, and they are about consolidating and enhancing Hong Kong's position as a Renminbi offshore centre and an international asset management centre, reinforcing Hong Kong's status as a platform for Mainland enterprises to "go global", and enhancing Hong Kong's connection with the Mainland financial market. I strongly support all the relevant proposals, and I hope Hong Kong can continue to fulfil its unique functions and to make due contributions in the country's ongoing process of development, so as to achieve sustained economic growth for Hong Kong.

Deputy President, I so submit.

**MR CHAN KAM-LAM** (in Cantonese): Deputy President, according to the findings of the 2014 World Competitiveness Yearbook announced by the International Institute for Management Development of Switzerland in May last year, the United States ranked first, followed by Switzerland, and Singapore had risen two places to the third place, while Hong Kong fell one place to the fourth. Although it is not bad to be in the fourth place of the global economies, we need to be vigilant as this is the warning of the first sign of a sluggish Hong Kong economy. While we are busy dealing with our internal frictions, Singapore, our competitor, has already caught up quietly.

Among the four major economic pillars of Hong Kong: finance, logistics, tourism and trading, apart from finance and tourism, there is a declining tendency. According to statistics, in 2014, the total value of trade between the Mainland and Hong Kong amounted to RMB 2,310 billion yuan, which had fallen by 7.2% and accounted for 8.7% of the total foreign trade value. The value of exports from the Mainland to Hong Kong totalled $2,230 billion, which had fallen by 6.6%. The imports from Hong Kong to the Mainland valued $79.24 billion, which had decreased by 21.5%. This indicates that Hong Kong's role as an entrepot has been weakening. Besides, our neighbouring harbours such as Singapore, Yantian and Shekou are improving, while there are also new harbour facilities being commissioned in the Mainland. Since 2007, the container throughput of Hong Kong port has already been overtaken by Shanghai and Singapore. In 2013, this was also overtaken by Shenzhen, and the ranking of Hong Kong fell from the first to the fourth place. At the same time, the gap between Hong Kong and Shanghai as well as that between Singapore are getting wider. Ningbo, Guangzhou, Qingdao and South Korea are also catching up. Competition is cruel. Under a reciprocal relationship, Hong Kong's trading and logistics are showing signs of recession. This is worth our vigilance.

According to the study and statistical analysis of the intellectuals concerned, a dollar growth in the GDP of logistics industry can bring about $4 growth in GDP of other industries. In Singapore, its port economy has brought about the development of other industries. In other words, the shrinking of the logistics industry will bring a chain effect to the Hong Kong economy. Hence, we should definitely not take it lightly.

In the coming years, the Hong Kong economy has to face the downward adjustment of overall economic growth of China. Besides, with the likely rise of interest rate in the United States shortly, and the competition brought from the Mainland free trade zone and electronic trading to the Hong Kong market, the economists keep on advising that Hong Kong has to be mindful of possible danger in times of peace. What makes me feel most aggrieved is that facing the various uncertain factors, Members from the opposition camp in Hong Kong have intentionally created more factors attacking the economy instead of facing the problem squarely to deal with the challenges by making their best efforts to develop the economy. The workers' strikes, illegal occupation of roads and causing nuisance to the shopping malls in recent years are worth our utmost concern and should be vigorously denounced.

The President of the Hong Kong Logistics Association says, "Low-priced goods are no longer suitable for Hong Kong. Only the development of middle to high-end freight transportation for such goods as electronic products, haute couture, luxury ingredients and the like will be profitable in Hong Kong. However, high-end products usually need speedier circulation time, and sea transportation basically cannot meet this requirement. Therefore, the future of logistics in Hong Kong lies in air transportation." However, the capacity of the Hong Kong airport has already been saturated and cannot satisfy the current needs of the aviation logistics, not to mention further development. The industry is looking forward to the construction of the third runway. Nonetheless, the opposition camp and the environmental protection groups have applied for a judicial review which may bring changes to the progress of the project. The consequence of the judicial review on the Hong Kong-Zhuhai-Macao Bridge may reoccur at any time, thus hindering the works progress. The crisis of over-budget may appear. Not only is such a despiteful move of hampering the project wasting public money, but it is also throttling the golden opportunities of logistics development. This brings nothing but harm to Hong Kong. Besides, the staging of a similar farce has already led to a delay of the Hong Kong-Zhuhai-Macao Bridge project for one-odd year, and an over-budget of nearly $10 billion of public money. Till when will the opposition camp be willing to let go? The Hong Kong people cannot tolerate any more indeed.

(THE PRESIDENT'S DEPUTY, MR RONNY TONG, took the Chair)

Among the four major industries, finance industry and tourism become the major driving forces of the economy. However, tourism in Hong Kong is also facing serious challenges. Hong Kong is a free and open international city. The development of tourism in various places in the world will want to see more and more tourists and they are most welcomed. Tourism has brought more opportunities to the Hong Kong economy and thriving business to various trades. The business of the retail, hotel and catering industries is prosperous and a large number of jobs needed by the grass-roots labour have been created. This is an industry from which the grass-roots public can directly be benefited. Nonetheless, while the number of tourists in Hong Kong has drastically increased, there is no obvious support of corresponding tourist facilities, thus giving rise to the problem of insufficient reception capacity at present. The Government should find a way to comprehensively enhance Hong Kong's

reception capacity. The measures include raising the handling capacity of control points and the capacity of tourism facilities, constructing additional hotel accommodation, enhancing the carrying capacity of public transport networks, providing additional tourism attractions, setting up a border shopping centre, as well as minimizing the occurrence of highly concentrated flow of people and overcrowdedness. These are the positive ways to resolve the problem. The government departments concerned should conduct corresponding assessments and adopt measures for better preparation and planning. People doing business will know that when there are more orders, they should think of a way to expand the production capacity. There is no reason that they will close the doors and not operate business instead. This is a very simple theory. However, Members from the opposition camp only know asking to abolish the Individual Visit Scheme (IVS). This obviously is turning against the grass-roots public.

In the past, there were already anti-IVS acts such as the "anti-locust" campaign. Recently, these radical groups which want to bring about chaos in Hong Kong came out again and staged a so-called "Tuen Mun Retrocession" campaign. The demonstrators participating in the procession rendered the situation even worse and their behavior was no different from that of ruffians. Not only did they dash into the shopping malls, disturbing and charging the shops, thus leaving the scene in utter disorder, but they also insulted and scolded the passengers at the cross-border bus stations. Afterwards, they even had physical confrontation with the police officers who tried to maintain law and order. A police officer was even sent to hospital after being beaten into unconsciousness. Some ruffians also threw paint bombs and plastic bottles. During the confrontation, there were also cases of arson in the Trend Plaza Shopping Arcade and a female toilet of the Tuen Mun Town Hall in the vicinity. These ruffians criticized that the large number of parallel goods traders had caused disturbance to the residents' livelihood. However, their acts of violence are outrageous. The so-called "anti-parallel goods traders campaign" and "Tuen Mun Retrocession" are only excuses. The objective behind is to intensify the contradiction between Hong Kong and the Mainland. The real intention is to sow dissension to the relations of the two places.

In order to combat parallel goods traders, we can step up border enforcement. In the past, the Immigration Department of Hong Kong and the Mainland Customs had also taken large-scale actions. We should not take "combating parallel goods traders" as the excuse in charging the shops violently, causing danger to the general public and also causing percussion to the rule of

law in Hong Kong. Hong Kong has just been shortly recovered from the commotion of the Occupy Central movement. People from the tourist industry are trying their best to persuade various countries in the hope that the confidence of tourists coming to Hong Kong can be restored. The impolite and violent words and deeds of this small group of people will surely affect the international image of Hong Kong, sway the confidence of tourists from different parts of the world in Hong Kong, and damage the economic lifeline of Hong Kong. The Democratic Alliance for the Betterment and Progress of Hong Kong urges the Police to seriously punish the people concerned. We also hope that the Hong Kong people can recognize clearly the facts and work together for a better Hong Kong economy, so that Hong Kong will not sink into degradation under internal friction.

Deputy President, I so submit.

**MR JAMES TO** (in Cantonese): Deputy President, I have originally written a speech on this debate session. However, I just heard that internal friction was mentioned by Mr CHAN Kam-lam. Perhaps I can extemporaneously discuss this question, as well as the questions on the entire political atmosphere, governance environment and economic development.

Deputy President, if you ask me whether there is internal friction, I think there is. Nonetheless, what we need to ask now is how to resolve it. I remember that when Mr LEUNG Chun-ying was elected, he said that in future, there would not be any "LEUNG camp", "TANG camp" or "HO camp", but a single "Hong Kong camp". I of course did not totally believe him at that time. However, the general environment then was that the pro-establishment camp was divided and lacerated. Hence, did Mr LEUNG Chun-ying really think that he had to improve the governance, or did the Central Authorities want to have a steady situation with an administration dominated by a majority of members of the pro-establishment camp? Whether he truly meant it or not, he had really indicated to have a single "Hong Kong camp".

We cannot deny that with Mr LEUNG being the Chief Executive in these two years, the community is getting more and more divided and lacerated. We seem to have gone back to the old days under the rule of the Communist Party. We are not happy as everyone has to "get passed", meaning that everyone has to review himself and the political stance has to be correct. I think the political

reform this time is very crucial and important. I am looking forward to the wisdom from the leaders of the Central Government to deal with this political reform, and to resolve this problem thoroughly so that Hong Kong can really become a "Hong Kong camp" where there is general reconciliation and the political acceptability of the pan-democratic camp can be recognized. During the past one to two decades, due to various reasons, the Hong Kong people — perhaps the older generation were worried about the reoccurrence of some movements or chaotic situations initiated by the Communist Party in the past, or perhaps they wanted to have a stable, peaceful and lawful environment after coming to Hong Kong — supported the pan-democratic camp, so that the pan-democratic camp could persistently get a majority of the votes in the past. Of course, when the public members vote for the pan-democratic camp, they are not asking us to be the ruling party. Instead, they hope that we can maintain the core value of Hong Kong and will not let it regress.

I see that in the opening of the Policy Address this year, the Chief Executive criticizes *Undergrad*, the official magazine of the Students' Union of my alma mater, the University of Hong Kong. I have in mind some doubts which really puzzle me. According to the literal meaning of Mr LEUNG, he wants us to stay alert of the idea of Hong Kong being independent. He asks the public to stay alert and not to go off guard. Objectively speaking, how many Hong Kong people are really willing to participate in the Hong Kong independent movement, or have read or heard of the ideas in those articles in *Undergrad*? The answer is just a limited few. It has been the official magazine of the Students' Union of a university, with a limited number of printed copies, not often reproduced, and the number of page views on the Internet is not high. However, after it is specifically criticized by Mr LEUNG … A colleague said it was being criticized in a cultural revolutionary way but I would not say that at the moment. I only say that it is specifically criticized. It is just the case of paper in Luoyang in ancient China, which became expensive when some famous pieces of writing appeared, meaning that overwhelming popularity of a work has caused shortage of printing paper. Many people rushed to buy the books and information mentioned in the magazine concerned. Besides, since this has already become a common topic in the community, whether people support or oppose it — I oppose it personally — more people inquire into this issue. If this has already become a very important issue being explored by the community and even the Chief Executive has mentioned about it, frankly speaking, when secondary students are having their discussions in the Liberal Studies lessons, it is inevitable that the teachers will touch upon it.

Does Mr LEUNG want to propagandize the discussion on the ideology of an independent Hong Kong, conducting a propaganda for them, or otherwise? Of course, you may say that this sounds like conspiracy theory. But the objective fact is that more people are getting interested in this and many people discuss this issue. I really do not understand whether this helps in opposing the independence of Hong Kong, or helps in making a propaganda of the independence of Hong Kong. I think this is a very silly way. Recently, there is hearsay that some young people shouted some slogans on the independence of Hong Kong in the Youth Square. Chief Secretary Carrie LAM then said that this way did not help, but would only cause unnecessary anxiety among members of the public. When Mr LEUNG helps publicize the Hong Kong independence movement in this Policy Address, I really feel that this will cause unnecessary anxiety to the Central Authorities.

Deputy President, there are many collective deception cases recently. This also happened on the Internet. As this debate session is about economic development, I particularly point out the question of regulation on collective investment. As we may understand deeper recently, there are fraud cases in the purchase of overseas housing units. In fact, the promotion on the purchase of overseas housing is really popular recently. There are many such promotion activities on housing in the United Kingdom, Australia, Malaysia, the United States, the Mainland and even Japan. However, many of such purchases are not on the already built housing, but on uncompleted properties, or even on a longer period of investment plan with rental collection starting from the time before the property is completed. You will see that in the property sale seminars organized in the five-star hotels, there are sumptuous buffets, very fascinating talks or very attractive advertisements. However, I think it is time for us to look into the details.

Deputy President, perhaps due to the investment environment of Hong Kong, such as low interest rate in savings and high selling price of Hong Kong housing, some people (even the younger generation) will think that they have to buy a housing unit anyway, and this is better than not being able to buy any unit in Hong Kong. Thus, they would get a housing unit even though it is in a foreign country. This kind of investment is very popular indeed. I hope that the Government will really consider seriously whether we should have more detailed regulation.

Recently, the Bitcoin incident which may involve a few thousand people and a few billion dollars has happened. In fact, Members from different political parties — not only us — have raised our concern earlier, that is within this one to two years, in this Council. However, the attitude of the Government was very interesting. It only reminded the public to guard against the danger. But we should remember that under such an investment environment, only if a few people have done such purchase, particularly when we can see that fraternity crime is involved, meaning that the people involved are those you know and can trust, no matter whether he is a professional, accountant, a staff member of the law firm, an insurance broker, or even a priest or preacher from the church, anyone can be possible, in fact, I think the Government really has to consider the question of regulation seriously.

If you ask me, I would think that even to the extreme when the promotion or transaction of the Bitcoins is forbidden across the board, this is not going too far. Of course, some people will say that this may throttle the appearance of a virtual currency system which may develop to a higher stage and may save the earth and the world in future. Even if Hong Kong is the first to throttle this thing, I do not think we will suffer any losses. The reason is that although there may be other economic regimes which are willing to promote, regulate, do well such work in a discreet way for its development so that there is a brand new currency to save the economy of the whole world, I opine that it is not necessary for Hong Kong to be the first to do this. Therefore, I feel that what we are facing is an uncertain situation where many people may suffer and be deceived. Should we impose a comprehensive ban on this currency? I cannot think of any specific financial reason or any monetary policy that we need to allow this condition of indulgence and allow the existence of this kind of virtual currency through which many people are being deceived.

Deputy President, finally I would like to talk about the rental problem of commercial premises, which is an area of concern of many members of the public as this has actually affected the livelihood of the public. Recently, after the MTR West Island Line has opened, the situation appears immediately. The anticipated opening of the system has already brought substantial changes to the whole district. Many local residents and people outside this district also find that there are substantial changes. The commercial premises are all changed. I am not sure how many people will welcome this kind of changes. They would think that there is no rush for the Urban Renewal Authority to commence its urban renewal work in Western District, as the whole district has already

changed. All the shops are changed. We cannot see any traditional noodle shops, food establishments, floral shops, shops selling small toys, small shops selling daily necessities at all. They have changed because the old shops cannot afford the new rental. Does the Government need to pay attention to this topic?

Some people say that the solution lies plainly in increasing the supply of premises. I think this is not the solution as this cannot solve the problem. But the Government really has to think clearly. If there is some infrastructure … for example, we will not hinder the development of railroads. However, do we still allow other developments to go with this, so that the whole society — not to mention collective memory, as we no longer talk about such things, but that the public are also facing difficulties in their actual livelihood.

Of course, I will continue my discussion on the rental of residential premises in the next debate session. However, if calculated by square foot, the small flats in Kennedy Town and Sai Ying Pun are more expensive than those in Taikoo Shing. What are the reasons? This is very weird. Therefore, I believe that the supportive measures of our overall economy suffer illnesses and problems. If we simply say that metropolitans are all like this, what has the Government done to slow down the speed or to alleviate the situation?

Thank you, Deputy President.

**MR CHAN KIN-POR** (in Cantonese): Deputy President, there is no fancy idea in the Policy Address this year to please us, but I consider it pragmatic and forward-looking. The Policy Address has clearly pointed out the challenges Hong Kong is facing, including the underestimation of the importance of economic growth, and the need to forestall any act that harms the investment and business environment. It is also made known to all that only by promoting economic development would people's income be increased, young people be provided with more and better chances of upward mobility and the Government's financial capacity in addressing problems relating to housing, poverty, ageing population and environmental protection be enhanced. On the whole, an incisive analysis has been made in the Policy Address of the plight Hong Kong is now in but most important of all, the proposals put forward by the Government have to be taken forward.

First of all, I would like to focus on issues of concern for the insurance sector. The insurance sector welcomes the Government's decision, as proposed in the Policy Address this year, to develop high value-added maritime services including marine insurance products and services and agrees that it is a promising business which would offer Hong Kong abundant commercial opportunities, though it is also beset with difficulties. As pointed out in the Policy Address, marine insurance services of a considerable scale are already available in Hong Kong but the emphasis of such services is actually put on cargo insurance, which has a smaller sales volume and limited room for development. Therefore, high value-added marine insurance products such as those for the hull of a ship and for other professional aspects should be developed since they have better potential for development and the sales volume involved is greater. These insurance products are now only found in insurance companies in Europe, the United States and Bermuda.

The biggest problem at present with the development of such insurance products in Hong Kong is the lack of professional talents as high value-added marine insurance business is very complicated and highly professional, requiring the attention of service providers with the necessary professional knowledge. It is believed that in order to develop high value-added maritime and marine insurance business, a multi-pronged approach has to be adopted and the most effective and direct way is to attract international shipping management companies to come to set up their regional headquarter in Hong Kong, so that the development of high value-added maritime services and marine insurance business would be driven by these shipping management companies, which will tap and introduce into Hong Kong insurance personnel who are familiar with the businesses of marine insurance and professional cargo insurance. In order to attract international shipping management companies to invest in Hong Kong, the development mode of a "headquarters economy" should of course be applied to provide tax concessions and other incentives to encourage investment by these companies in the territory, so as to promote the development of high value-added marine insurance business, thereby generating more revenue for Hong Kong and creating more quality job opportunities for young people.

The establishment of an independent insurance regulator is another issue of concern. The deliberation of the Bills Committee set up to study the relevant legislative proposal is now near completion but there are still some issues worth exploring, such as the definition of "in the best interests of". The Hong Kong Federation of Insurers has already drafted the proposed wordings of the definition

in consultation with Queen's Counsels of the United Kingdom in the hope of balancing the interests of consumers, intermediaries and insurance companies and it is hoped that detailed consideration would be given by the Government to the proposal.

Concern has also been expressed by intermediaries about the issue of disciplinary sanction. The independent Insurance Authority (IA) would assume full responsibility in future for follow-up actions to be taken for complaints received, including investigation, adjudicating and sentencing and there would be no check and balance from any other body or authority. Intermediaries worry that the arrangement would lead to unfair practices and we therefore suggest that the expert panel under the IA should be consulted on serious or complicated cases and a detailed explanation should be given by the IA should there be any discrepancy between the decision made by the expert panel and the final decision of the IA. We consider the establishment of an independent insurance regulator an important development of the industry and the most important reform proposal put forward in the past 30 years, which should therefore be handled with care.

As for Policyholders' Protection Fund (PPF), legislative proposal in this regard is still at the drafting stage and the insurance industry has expressed concern about some implementation details, including the arrangement to have a refund for insurance policies taken out with an insurer which has gone into liquidation. It is our opinion that reference should be made to overseas practice to have a mechanism for refund established on a short-term basis and capped with a limit. With regard to the charging of levy, the PPF will adopt a progressive funding model which will have the levy rates increased should circumstances so warrant. For example, the PPF would have to make up for its expenditure on making compensation by a "stepped-up" levy when an insurer becomes insolvent. It is hoped that in order to remove any uncertainties, a cap on the "stepped-up" levy rates which is acceptable to the insurance industry, including life insurers, would be imposed.

Besides, it is hoped that care would be exercised by the Government in handling the consultation on the Risk-based Capital framework for the insurance industry since the capital requirement should be proportionate to the risk borne by insurers. In our opinion, there are quite a number of small and medium enterprises (SMEs) in the industry and the relevant measures should be implemented gradually depending on the actual situation, lest these SMEs would be seriously affected.

Another issue which has to be mentioned is the measures to combat insurance frauds, a problem which has already spun out of control in recent years. I had moved a motion earlier in this Council on "Combating insurance frauds" but surprisingly, it was voted down by Members of this Council although the rights and wrongs of the subject issue are perfectly clear. It is indeed worrying that a wrong message would be conveyed to lawless persons, implying that this Council or even the Government lacks the determination to combat insurance frauds, and that they could go on making fraudulent insurance claims brazenly. As a matter of fact, it has come to my attention that there are practitioners in the insurance industry and the transport industry as well as organizations of SMEs expressing dissatisfaction about the voting down of the motion in this Council. Although the motion has been negatived, I hope the Government would actively consider my suggestion to set up an inter-departmental task force to look into ways to plug the loopholes.

One of the key points in this year's Policy Address is the decision to earmark $50 billion to provide for future needs in retirement protection. I share the views of the Government and agree that retirement protection should be provided for needy elderly people, but this should only apply to needy citizens or else the burden would be too heavy for the society to bear. Furthermore, there is no such thing as a free lunch and the attempt to introduce a non-means-tested retirement protection scheme will only end up in failure as it is as difficult as climbing up to heaven for asking the general public to support the scheme by paying more tax. Therefore, I agree that a means-tested retirement protection scheme should be introduced, though the criteria to be adopted could be more liberal than those under the existing welfare system so that more grass-roots people could be benefited, and that the rate of retirement payment should be adequate to meet the basic living needs of retirees.

Policy on young people is one of the major issues covered in the Policy Address. Although less initiatives than imagined are proposed in this respect, the right approach has been taken. Given that long-term policy matters are involved, ongoing adjustments in response to social development are required and it would be unrealistic to expect an instant solution to the problem. I do believe that promoting economic development is part and parcel of the assistance rendered to young people so that they would be offered more quality and promising job opportunities and with an ideal job, young people would be able to solve a lot of problems. This is the reason why I consider it necessary to set up the Innovation and Technology Bureau (ITB) as soon as possible to promote the

development of innovation and technology industries, and job opportunities provided in these industries are exactly the most needed quality jobs with which young people are most familiar. I look forward to the passage of the proposal to set up the ITB by this Council as soon as possible since there are many young people waiting to have these job opportunities.

Finally, I would like to say a few words on housing problem. The Government has been trying very hard in recent years to identify suitable sites for housing production so as to guarantee an adequate supply of housing in the future and this is the most basic solution to the problem of inadequate housing supply in Hong Kong. Nevertheless, it is revealed in repeated cases recently that the implementation of housing projects has met with objection from local communities, which have opposed to the suggestions of changing the use of certain sites in their districts. I hope everybody would consider carefully what benefits will these districts gain if our housing problem cannot be resolved and no one can lead a stable and happy life? It is my hope that these housing projects would receive public support and should the interests of local communities be prejudiced, the correct way is to request for an allocation of resources from the Government to improve the district environment, instead of obstructing the implementation of housing projects.

I will leave my comments on the Voluntary Health Insurance Scheme to the third debate session.

I so submit.

**MR MA FUNG-KWOK** (in Cantonese): Deputy President, since I will speak on the film industry a moment later, I first declare that I am the Chairman of the Hong Kong Film Development Council.

Deputy President, the Government has put forth various measures in the Policy Address this year for supporting the creative industry of my concern (especially the film industry), including a further funding injection into the Film Development Fund (the Fund), giving consideration to reserving space for cinemas in major cultural and entertainment development areas, and exploring ways to facilitate cinema development through land sale and planning. Since those measures for supporting the film industry have answered certain long-standing demands of the industry, I am strongly supportive of them.

Perhaps, some may question whether building more cinemas can really boost the local film industry. Likewise, some have criticized the Government, questioning why it should consider allocating lands for building cinemas when land supply is tight. I must offer a clarification here. Actually, the industry has not demanded the Government to allocate lands for building cinemas. They only hope that when formulating land planning, the Government can provide for the reservation of space for building cinemas in its land sale conditions concerning certain relatively sizable commercial lands in districts short of cinemas as policy support for encouraging the development of the creative and cultural industries. Since only very limited space will be involved, this will definitely not lead to any competition for lands with people.

Let us look back at the historical development. During the period between the 1960s and the 1970s, cinemas were once classified as necessary community facilities, as in the case of schools, sports centres and civic centres. A planning condition stated that 38 cinema seats were required per 1 000 people. In the 1980s, the Government adjusted its policy and re-designated cinemas as retail facilities. In recent years, due to soaring commercial rents resulting from the thriving of the retail industry, many cinemas are still hard pressed although there are audiences. As their business is not quite so competitive, they have closed down one after another. Over the period between 1993 and 2014, the respective numbers of cinemas and cinema seats dropped from 119 to 47 and from around 120 000 to 38 000. There are no cinemas in some densely populated districts such as the North District, Tai Po and Sham Shui Po.

As the number of cinemas has dropped, theatrical exhibitors will inevitably be inclined to choose those Hollywood movies which can better guarantee box office income in order to cope with exorbitant rents. It naturally follows that local films, especially those produced by emerging directors, will be given unsatisfactory time slots. As the chance of recovering production costs has reduced, investors will definitely be more cautious. In turn, the dwindling number of cinemas has directly limited the quantity and production scale of local films.

Certainly, increasing the number of cinemas alone is insufficient to boost the local film industry. At present, the biggest problems faced by the local film industry are inadequate production and succession break. The number of films produced by the Hong Kong film industry has decreased from as many as some

400 a year at its peak to only some 50, including co-produced films, in recent years. The decrease in production volume means fewer opportunities for newcomers to the film industry to participate in filmmaking and practise. Moreover, since the rapid development of the Mainland's film industry in recent years has induced many Hong Kong filmmaking talents to "head north" for development, the succession problem faced by the Hong Kong film industry has turned even more serious.

For these reasons, the industry and I are always gravely concerned about how to increase local production volume, nurture filmmaking talents and support post-production in Hong Kong. They hope that the Government can provide more support to the local film industry, especially the small and medium filmmaking companies, through the Hong Kong Film Development Council and the Fund. Compared to the initial funding injection of $300 million six years ago, the further funding injection of $200 million into the Fund proposed in the Policy Address has reduced in scale. More efforts are still required to support the development of the local film industry, and many proposals put forth by the industry should be implemented. For these reasons, the industry are very concerned about whether the $200 million funding injection will be adequate. I hope that the Government can pay heed to the use of the Fund and our practical needs, and provide further support as appropriate.

On the other hand, we also need to actively assist Hong Kong-produced films in opening up markets, especially the Mainland market. In this regard, the SAR Government must overcome the problem of "big doors are open but not small ones" by holding further discussions with the Mainland under the existing framework of the Mainland/Hong Kong Closer Economic Partnership Arrangement, so as to enable Hong Kong-produced films to enter the Mainland market more smoothly, and in turn enhance their chances of return, reduce their risks, attract investment, and increase production volume and job opportunities.

Deputy President, I must stress that even Hollywood movies are now seeking actively to open up the Mainland market. Even if we want to gain entry into the Mainland market, this does not mean that we should completely accede to the taste of Mainland viewers and the Mainland market. On the contrary, we should optimize Hong Kong's free and open environment for creation to produce films with Hong Kong features and creative themes, so that we can reach the more extensive Chinese film market and drive the recovery of the whole industry.

We must understand that we should broaden our vision, instead of confining Hong Kong-produced films to Hong Kong only. I believe that as long as our films can touch people's hearts, they can likewise command the support of Chinese viewers.

Deputy President, the SAR Government hopes eagerly to develop emerging industries and create new economic growth areas. I think this is the only way to further promote local economic development. I am very pleased to see that while showing care for traditional pillar industries, the Policy Address this year has devoted much coverage to the development of the emerging creative industry as well as innovation and technology, and has proposed certain support measures. But I think they are still inadequate in strength and in need of enhancement.

On the other hand, if we want to promote economic development, we must not disregard the Mainland factor. The trend of economic growth on the Mainland has remained strong over recent years, and the Mainland market is huge. How can we capitalize on Hong Kong's advantage of leveraging on the Mainland and grasp this opportunity to promote the development of various industries? How can we optimize Hong Kong's advantages in having a free and open social environment, a sound legal system and high operational efficiency to help Mainland enterprises "go global" and attract foreign enterprises to the Mainland with our particular role as a "super-connector"? The SAR Government must think about these questions and undertake specific tasks in these respects.

A special point to note is that this year is the final year for the Central Government to implement the National 12th Five-Year Plan, and the drafting of the National 13th Five-Year Plan will become a major task. As early as last year, the National Development and Reform Commission (NDRC) already commenced the preliminary preparations for the National 13th Five-Year Plan. The NDRC has also indicated that it will continue to deal with Hong Kong and Macao in a dedicated chapter, so as to facilitate economic development in the two places.

I believe a major task of the SAR Government this year is to consider how Hong Kong should participate in the process, so that the country's planning and Hong Kong's economic development can complement with each other. In fact,

the Policy Address has already pointed out that with a view to dovetailing with the country's National 13th Five-Year Plan, the SAR Government was the first among others in the country to submit proposals. The proactive attitude of the SAR Government should be fully recognized. I also wish to express my hope here that the Government can achieve a good start by enhancing social awareness and drawing on people's proactivity, and grasp this opportunity, so as to facilitate the future development of Hong Kong.

Deputy President, Hong Kong is honestly an international financial centre equipped with a sound and robust financial system, a free trade market and also a comprehensive rule-of-law system. All this, coupled with our excellent geographical location, has enabled us to outdo our peers in financial services, trading and shipping. The previous National Five-Year Plans also put their focuses on consolidating and enhancing Hong Kong's position in these three areas. The Mainland's financial reform will reach a critical state during the implementation of the upcoming National Five-Year Plan. I believe Hong Kong can play an important role in the process of assisting China's financial market in "going global" if it can capitalize on the advantage of its financial services. I believe more development opportunities can also be created for Hong Kong's financial industry.

The National 12th Five-Year Plan proposed to promote vigorous development and prosperity of culture and develop the country's soft power. I believe this policy will be followed through in the National 13th Five-Year Plan. In fact, in terms of hardware facilities such as museums, performance venues and cultural theme parks, or the development of the music, film, television, publishing and also animation and comic industries, the Mainland's resources commitment and its markets have grown very rapidly over the past five years, and the fruit has been evident to all. If its cultural development directions and strength remain unchanged in the National 13th Five-Year Plan, there are bound to be greater changes.

As a Chinese hub where the Chinese and Western cultures converge, and also as an important window for cultural exchanges, Hong Kong should be able to play a very important role in the development process, and the local cultural and creative industries should likewise be able to participate in it. Sadly, up until now, we still have not heard from the SAR Government any concrete account on

how the local cultural and creative industries can participate in the National 13th Five-Year Plan. I hope the SAR Government can give a more detailed explanation in this regard in the future.

I so submit. Thank you, Deputy President.

**DR CHIANG LAI-WAN** (in Cantonese): Deputy President, I have revisited the economy-related debate sessions of the debates on the Motion of Thanks held in the past two years (2013 and 2014) to find out what I said in these past two years. I then found out my speeches were all related to the development of industries.

As we all know, I am not the only one who stresses developing industries. I believe that the Government also attaches great importance to the development of industries. If not, the Government would not have proposed developing the four pillar industries and the six industries where Hong Kong enjoys clear advantages respectively since the Reunification in 1997. Among the four pillar industries and the six industries where Hong Kong enjoys clear advantages, how many of them have developed successfully and how many of them are just "all talk and no action"? I believe we all know it fairly well.

Certainly, I am sure the Financial Secretary has a clear idea of the figures in this respect, as he has to deal with a lot of figures in doing his jobs. He knows it very well what proposals may help Hong Kong to gain a certain percentage of GDP growth, and what proposals are found hardly feasible upon repeated studies and observations.

I understand that it is by no means easy for a city or a place to come up with a general direction for the developing a successful industry. If this should be an easy task, many places across the world would not have to work so hard and think so hard in this respect. In particular, every city is now talking about innovation and technology, the whole world is trying to stride forward along this direction and really pitch in.

As far as technology is concerned, do we have any advantages which can help us stride forward? Actually, I am afraid this is not an easy road for us, as Hong Kong has always been in lack of technological research and development personnel. In this connection, we have criticized the Government for not

appropriating as many research and development expenses as the overseas countries in which such expenses would amount to 3% or 4%. Indeed, if we are to develop an industry, the funding input should reach at least such levels.

In recent years, we can see that the Government has started to increase the percentage of funding in this respect. In his Policy Address, the Chief Executive has also mentioned about injecting more funding into technological research and development projects. However, the problem remains that despite the research and development projects, there is no … We need to integrate and co-ordinate a lot of efforts. I understand that the Hong Kong Applied Science and Technology Research Institute Company Limited (HKASTRI) are carrying out many research projects in different areas, but how are we going to co-ordinate the research results and develop a real industry through the co-operation among the Government, industry, academia and the research sector?

We know that the Chief Executive has already submitted a proposal to the Legislative Council in March 2013 to reorganize the structure of the Government. According to the recommendations made at that time, an independent Technology Bureau and a Culture Bureau would be set up, and the transport and communication portfolio would have some re-arrangement as well. As we look back, we have to agree that his line of thinking was right. Let us take a look at the current situation of Secretary Anthony CHEUNG. He is in charge of the transport matters and already busy with the many new railway lines under development, and yet he is now entrusted with a new industry, which is the maritime services industry. This is a new industry, and it should actually be something good to develop a new industry.

I have heard Rimsky YUEN, Secretary for Justice, said that Hong Kong had already set up an Arbitration Center under the China Maritime Arbitration Commission. So, the Commission in Beijing now sets a centre in Hong Kong, and this should actually be a good development. However, we do not have the required personnel. Indeed, the workload on Secretary CHEUNG is heavy enough already; he just cannot afford to do anything particular for this new industry. Hence, Chief Executive LEUNG Chun-ying was right at that time in seeking to include maritime services into the portfolio of the Commerce and Economic Development Bureau and take out the Communications and Technology Branch from the Bureau to form a Technology and Communications Bureau. He first put forward the proposal in March 2013, and then raised it again in the 2014 Policy Address. However, some Members kept carrying on

with their filibustering activities, not only in 2012 but also 2014. In this year's 2015 Policy Address, the idea is raised again, but Members are now filibustering again and the filibustering activities may drag on to Valentine's Day. Will the proposal be passed then? We really have no idea. As the Chinese New Year is coming up after Valentine's Day, if the proposal cannot be passed on Valentine's Day, the government efforts may be rendered in vain because of the filibustering activities.

Many pro-democrat Members or Members from the opposition camp just now shouted complaints about the poor economy of Hong Kong and many other things. Mr Albert HO, for example, said two days ago that "without democracy, our economy has no future". Is that really true?

We need to know that while we all pursue our dreams, different people have different dreams. You have your own dream, I have mine; he has his dream, Secretary SO has his dream, and the Financial Secretary has his own. There is no reason for one to destroy other's dream just because one cannot realize his right now. It is not reasonable to hold that if I cannot get the real universal suffrage in the way I want, other people should be deprived of universal suffrage altogether. This is a destructive approach employed only by those who have been spoiled. This is not the way we should handle matters.

I have been taught by my father since tender age that different people will see the same thing differently. Even twin brothers living in the same family will see things differently and hold different viewpoints. This is one thing I have learnt since childhood. Hence, in many cases I would step far back and try to understand other people's perspectives and see how they differ from mine, and then give careful thoughts to theirs. And I found that if we were aiming to achieve the same objective and the only problem was that we had chosen different ways, we would eventually reach our destination. However, it would be tragic and miserable if someone should try to gamble with Hong Kong people's fate. I really want to cry when I think about this situation.

The sentence I have not finished last time is: if the saintly old gentleman SZETO Wah, who is highly respected by pro-democrat Members, were still alive, I believe he would encourage us not to give up. He would say that as we have been striving for universal suffrage for so many years, we should not give up just because Mr Alan LEONG or Mr Albert HO cannot be one of the candidates. This is a "lose-lose" approach benefiting nobody. This is not something we should do. Nevertheless, some Members still adopt such an approach in dealing

with the proposal to establish the Innovation and Technology Bureau. We have to bear in mind that their filibustering activities were not newly started in the past two months. Deputy President, you should know it well that as I have said before, they started their filibustering activities in 2012 and have been doing so in this chamber for four years. Today, they still dare to blame the government structure and the government officials for our poor economic development. In my view, none of them have the right to say such things, as they have all been caring only for their own benefits and insisting on their own views to the neglect of the general situation. They have been behaving selfishly and irresponsibly all along.

One thing we cannot deny … In my view, upon assumption of office the Chief Executive has proved that he really wants to contribute a lot to Hong Kong, and he has initially put forward a proposal to reorganize the government structure. As I understand, however, many pro-democrat Members are not happy with the election system and have thus vented their anger on the Chief Executive. They have not only asked LEUNG Chun-ying to step down, LEUNG Chun-ying is not the only person they have vented their anger. Indeed, they have been venting their anger on the Chief Executive since the time when TUNG Chee-hwa was in office, have they not? People like us are regarded as "LEUNG's fan". If we should try to say something to defend the Chief Executive or the Government, their followers would be waiting in line to condemn us, would they not? Actually, this situation is known to all.

Nevertheless, I would still say the things I should. I will certainly stand up and express my views in this Chamber. We are people of conscience, and we must speak out from our heart. I just hope Members will stop directing against any person. When I saw on television yesterday that the daughter of the Chief Executive was going to act in a movie, I could not help but said this would mean trouble. My husband asked me why this would mean trouble, and I told him that as LEUNG Chun-ying's daughter was going to act in a movie shortly after he had proposed to inject funding into the Film Development Fund to promote the development of Hong Kong's film industry, some would certainly condemn him on the following day for having underhand dealings to pave the way for his daughter to enter the film industry. Actually, I believe LEUNG Chun-ying does not want his daughter to enter the film industry. Fortunately, Members seem to be very busy today and do not have time to fabricate a story in this respect. However, they just may do so any time in the future.

With regard to the part of the Policy Address dealing with economic policies, paragraph 22 has referred to the National 13th Five-Year Plan and pointed out that "the HKSAR Government has submitted its proposals to the Central Government". Actually, I have no idea what proposals have been submitted. I want very much to have a part in the proposals and that is why I wish to learn more about them. Nevertheless, I believe we will have a chance to learn more later on. At the meeting of the Chamber of Commerce held yesterday, I heard someone putting questions to the Chief Executive in this connection, and the Chief Executive's reply was that we would learn about that shortly. Hence, I believe we would be hearing about the details on 5 March.

Furthermore, there are some other policies which I have found highly desirable. The establishment of an independent Insurance Authority, for example, is a good idea in my view. While we all know that the insurance industry in Hong Kong is rather chaotic, we also have to take extra care to avoid the situation of people regulating their own peers. Mr CHAN Kin-por is not present at the moment. Even though I am sure that the insurance people know their industry pretty well, there may still be concerned about the possible practice of protectionism if they are to regulate their own peers. If they should practise protectionism, their service would certainly be affected.

I also wish to raise one point about the Travel Industry Authority, as this is not mentioned in the part of the Policy Address dealing with the tourism industry and its development. The authorities have announced in this year the establishment of the Travel Industry Authority but the Policy Address does not refer to this matter again. While we have all along heard about the Hong Kong Tourism Board attracting numerous visitors to Hong Kong over the past years, it seems that outbound visitors from Hong Kong are not under any protection. Hence, I hope the Travel Industry Authority can be established expeditiously even though it is not mentioned in this year's Policy Address.

Another point I wish to speak on is the $5 billion injection proposal. I hope the Financial Secretary or the relevant Secretary will take time to have a look in this respect. On hearing the proposal to inject $5 billion, I would certainly consider it a very good idea. But then, as I listened more carefully, I found that the enterprise concerned has to provide 50% of the funding while the Government will provide the remaining 50% as a matching fund for development. Actually, this is a good idea. Nevertheless, if the target amount is $10 million,

both the enterprise and the Government have to pay $10 million, and it is quite impossible for the small enterprises to have the capital to set up the matching fund. As for the large enterprises, they just want to develop on their own without the matching amount from the Government, for they find it too troublesome to prepare the necessary documents. Under such circumstances, will the Government consider setting up a prize directly just like what other countries do? This is the most straightforward approach. The Government offers the prize to an enterprise which has successfully developed a new product, and the enterprise is required to use the prize to fund research and development efforts. This is a highly feasible way and no fund matching is required. This is a very simple approach, as all the Government has to do is just to offer the prize directly to the enterprise which has developed a new product. Hence, if there is still time and room for the authorities to enhance this policy, I hope the Government will consider my suggestion.

It is mentioned in paragraph 59 of the Policy Address that "Asia Intellectual Property Exchange has showcased more than 25 000 intellectual property listings". This is exactly the problem facing many schools in Hong Kong as well as the HKASTRI. They have developed some intellectual property items, displayed them and even registered for the copyright of their designs or trademarks, but they have not gone one step further. How many of such items have achieved substantial results? How many of the said 25 000 intellectual property listings have really been transacted? In the long run, I believe the Government should try to turn the intellectual property listings into items that can really help to promote GDP growth, thereby making it a genuine industry of Hong Kong. Thank you.

**MR LEUNG KWOK-HUNG** (in Cantonese): I wish to speak. Deputy President, I was busy dealing with other business upstairs just now, but on hearing the speech made by Dr CHIANG Lai-wan, I just could not … I could not help but come here to say something …

**DEPUTY PRESIDENT** (in Cantonese): Mr LEUNG, this is not your turn to speak. Do you have a point of order?

**MR LEUNG KWOK-HUNG** (in Cantonese): I am not raising a point of order. I just wish to speak.

**DEPUTY PRESIDENT** (in Cantonese): Other Members had indicated their wish to speak before you did. Please wait patiently for your turn.

**MR LEUNG KWOK-HUNG** (in Cantonese): All right, I will let her speak first.

**DEPUTY PRESIDENT** (in Cantonese): Dr Elizabeth QUAT, please speak.

**DR ELIZABETH QUAT** (in Cantonese): Deputy President, issues related to Mainland people visiting Hong Kong through the Individual Visit Scheme (IVS visitors) have again occupied recent headlines. Local residents in North District, Tuen Mun and other districts were affected to different extents by IVS visitors shopping in Hong Kong. They came here to buy things for the Chinese New Year, causing over-crowdedness and all sorts of problems. A few days ago, some radicals stirred up a row again in districts frequented by tourists. Some of them even hurled paint bombs, upsetting the peace of society.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) is against these violent behaviours. We must stress that the DAB is very concerned about the disturbances caused by too many tourists, but Hong Kong is a civilized society and in any case, Hong Kong people should tackle these issues rationally, rather than resorting to violence, not to say hurling insults at the tourists.

A year ago we proposed that a border business and shopping centre be set up at southern Lok Ma Chau to alleviate the pressure on our capacity in handling tourists. With the unremitting effort of Mr WONG Ting-kwong, we finally saw some progress in this regard recently. In the near future when this shopping centre is established, it will be able to diverge 3 000 tourists per hour. We hope that the shopping centre will help alleviate this issue. This example shows that we need to solve problems, but not by force or violence.

In fact, while striving to increase our capacity for receiving tourists, the tourism industry should not rely on shopping alone to attract tourists to Hong Kong. According to the latest statistics, the average daily spending of overnight visitors in 2014 dropped below $8,000 per person, adjusting downward for the first time since 2005. This indicates that our tourism industry has played its part in attracting tourists, to such an extent that Hong Kong is overcrowded with tourists, but the tourists only pushed up the number of visitors, but not the money earned, and the economic returns are diminishing. Hence, we must make an effort to work out how to attract high-speeding tourists to stay longer in Hong Kong, which is the right way to develop Hong Kong's tourism industry.

As I mentioned in my speech on the Motion of Thanks on the 2013 Policy Address, Hong Kong has never actively developed new tourist spots and special tour products, nor developed the market of high-spending convention and exhibition visitors. I certainly welcome the Policy Address in proposing a new convention centre to be constructed above the Central Station in 2020, but the Policy Address does not mentioned how to provide more exhibition facilities. I am concerned that without sufficient exhibition facilities, Hong Kong will lose out on hosting large-scale exhibitions, which will greatly affect the development of the tourism industry as well as local enterprises of small and medium scale. Hence, the Government must expedite the planning and construction of sufficient convention and exhibition facilities, as well as hotels.

The tourism industry is ever evolving. Nowadays, high-spending tourists are willing to pay more for an unique experience. Hence, places around the world are developing new tour resources to cope with this new way of travel. In fact, Hong Kong possesses the conditions to develop in-depth tours and attract more tourists with spending power (such as those from new markets like India, Middle East and Korea) to visit and stay one or two nights more in Hong Kong.

For instance, we have mentioned strengthening the development of different cultures and natural resources, including our rural culture, Cantonese opera, Chinese opera, and so on. These are in fact very appealing to overseas tourists. In the past years, the DAB has been promoting green tourism. For instance, years ago when the Tai Long Sai Wan was incorporated as part of a country park, the Government undertook that it would help taking forward the development of villages and ecological environment in Tai Long Sai Wan area. The Chief Executive has said in the Policy Address that an innovative mindset

would be adopted when managing these country park enclaves, and it has been reported that Tai Long Sai Wan would be chosen as a pilot site to take forward this idea. However, regarding the issue of introducing public and private sector development into the area and the feasibility of operating "Breakfast and Bedroom" and eco-tourism in the country park enclaves, what progress the authorities have made with the villagers there? The villagers told me that no progress has been made. I thus think that the Government needs to brief us on the matter.

I certainly understand that the authorities would encounter all sorts of problems when taking forward these special tours. However, the problems can be solved as long as the Government are resolved to do a good job on our tourism industry, and as long as it does not rely solely on the IVS visitors to come shopping and let the tourism and retail industries tackle the problem alone. The situation should be able to change for the better.

Next, I will speak on technology development and the idea of a Smart City.

(THE PRESIDENT resumed the Chair)

The Chief Executive has said in the Policy Address that Kowloon East would be chosen as a pilot area and the feasibility of developing it into a Smart City would be explored. A public officer has later added that the measures for a Smart City would be low-carbon and green, emphasizing information exchange and transportation improvement. These measures include launching an intelligent traffic signaling system, restoring side lanes, optimizing road capacity, installing intelligent meters for water, electricity and gas, and so on. Besides, the Kai Tak environmentally friendly linkage system, the district cooling system and the Kowloon Bay waste recycling centre, which have been announced earlier, are the related measures.

I support developing Hong Kong into a Smart City. The development of our city today has already reached a certain scale and extent, but there are many insufficiencies. Tackling these insufficiencies by traditional means can no longer meet public expectation. Hence, different technological means will have to be introduced in order to enhance the transparency and efficiency of the

Government's administration and to enable better and quicker implementation of government decisions and measures. Only by doing so can people's livelihood be improved. This is also the original intent of the idea of a Smart City.

However, the Government's idea of a Smart City is a little fragmented. If a Smart City can be set up, according to what the Government said, by launching some new services or facilities and without establishing a modern and integrated information platform to serve as the management system, I believe the outcome would be fragmented. The "Smart City" established would only be "fairly smart" and not "very smart", and people's quality of life would not be comprehensively and continuously enhanced. Besides, an important element of a Smart City is the ability of the managing authorities to effectively engage the public to pitch in and to collect and analyse their views and then incorporate them in the administration. This is not mentioned by the Government in the Policy Address.

The planning, design and operation of a modern city, which are closely related to locations, require the use of voluminous geographic information. Geographic information system (GIS) is precisely the fundamental technologies used to process and analyse geographic information. These technologies include using digital maps to display different levels of information such as land use, population distribution, road transport, commercial activities, and so on, and the information is used as the basis for different spatial analysis. These technologies are useful in helping governments make scientific decisions, which are easier to display to the public and solicit their support. For example, GIS is used in the Port of Rotterdam of the Netherlands as the central operating system. It comprehensively manages different areas of work such as ship berthing, freight forwarding and logistics and container handling, making it possible for the Port of Rotterdam, which is like a small city by itself, to continuously achieve growth despite the fact that it is very limited in space and resources.

In fact, many departments of the SAR Government, such as Lands Department and Planning Department, have started to use GIS since many years ago for town and infrastructure planning and construction. The Government should consider further expanding and strengthening the application of GIS when developing a Smart City, and making use of this technology, together with Big Data and Internet of Things, to establish a planning, design and operation hub or platform, so as to take forward the development of a Smart City.

Moreover, in order to enable a public information infrastructure to work at its best, a prerequisite is that the information must be open for public viewing and free access. For its next step, the Government should expeditiously strive to make available more open information. For instance, an open application programme interface of its digital maps should be launched, so that websites and application programmes can make use of the map networks and information services provided by the Government freely. This will encourage Hong Kong people to use their creativity, give more room for young people to create their own business and help them develop useful and interesting websites and web services. At the same time, this can serve to facilitate the Government's administration and enhance its transparency, catalyze interaction and mutual trust between the people and the Government, which are instrumental and conducive to the establishment and development of a Smart City. I earnestly hope that the establishment of a Smart City is not only the responsibility of the Development Bureau, but also a responsibility that spans across government departments because, as I said just now, the idea of a Smart City is not only an infrastructure project, but also a project of technological development.

Certainly, it takes the concerted efforts of the Government, industry, academia and research sectors to build a truly Smart City. The priority task now is to sufficiently elevate the importance of innovation and technology on policy level and set up a dedicated Policy Bureau to formulate policies for the innovation and technology industries, so as to co-ordinate the development of the Government, industry, academia and research sectors. Hence, over the past years, members of the industries and I have fought for the establishment of the Innovation and Technology Bureau. There is already consensus in the community on this issue. It only takes one more step. With much regret, Members of the pan-democratic camp and the opposing camp have prevented the passage of the proposal by filibustering. Investing in research and development (R&D) is certainly also very important. Although we may not necessarily get what we put in, if we do not even sow the seeds, we certainly would not reap any harvest. Despite our efforts made over these years, investment in R&D in Hong Kong is still relatively low as it only accounts for about 0.7% of our GDP. As compared with the respective investments in South Korea (3.7%) and the Singapore (2.3%), Hong Kong still has a lot to catch up in respect of R&D investment.

The Government proposed in the Policy Address that $5 billion be injected into the Innovation and Technology Fund. I hope the Government can make use of the money to strengthen support for R&D, especially in the newly-established Enterprise Support Scheme. Given that the Scheme seeks to encourage private enterprises to invest in R&D, I hope the Government can streamline its administrative procedures as far as possible when it considers applications so that applicants who genuinely wish to apply for the Scheme will not be scared away. When the R&D of enterprises deliver results, it is crucial that these deliverables are turned into commercialized products. The Government should more proactively use R&D deliverables of local enterprises and provide improvement feedbacks on their products, so that these enterprises can fine-tune their products and use public institutions' feedbacks as their product references, thereby attracting more customers to use their products and increase their successful rate in product commercialization.

Apart from encouraging R&D, having an innovative and technology-oriented ambience is even more indispensable to a Smart City. Although we have advocated the development of innovation and technology for so many years, Hong Kong's economy still hinges on property, finance and logistics. At schools, commercial subjects, rather than innovation and technology subjects, remain the most popular subjects to students when they opt for their stream of study. In the long run, this will definitely hinder the development of innovation and technology. Hence, the Government needs to create an ambience favourable to innovation and technology, so as to arouse people's interest in this area, as well as nurture and attract talents to join related industries, so that they can join hands to take forward the development of innovation and technology.

The Government is now promoting in secondary schools the learning of computer programming and has added enriched information technology programmes in the curriculum. These are a good start. However, I believe the most important thing is to change the mindset of "learning is just about scoring" and establish an education atmosphere that allows making mistakes and encourages creativity. When our young generation is willing to create their own business and be innovative, society should be receptive and supportive. Only by doing so can we truly facilitate the forming of an innovative and technology-oriented ambience and help build Hong Kong into a genuine Smart City.

President, technological development is very important to the future of Hong Kong. Today, I have jointly advertised an open letter in newspapers with a group of people from the technology and education sectors. The letter is addressed to all Legislative Council Members, calling on the opposing Members from the pan-democratic camp to bear in mind the overall interest of society, stop the filibuster and support the funding proposal for setting up the Innovation and Technology Bureau. In so doing, they will give Hong Kong hope and our young people a future.

President, I hope that a miracle will happen on 14 February, that is, the Innovation and Technology Bureau can be established without hiccups.

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

**MR LEUNG KWOK-HUNG** (in Cantonese): President, 13 February is Black Friday, on which the destiny of LEUNG Chun-ying is determined. That is, the motion cannot be passed in time because the day after Black Friday is Valentine's Day. I heard Dr Elizabeth QUAT mention the idea of a Smart City. I wonder if there are smart-asses in a Smart City. I do not think so. There will not be clever fools or stupid donkeys in a Smart City. Buddy, you mentioned Rotterdam, a city in the Netherlands. Since the start of the 17th century, the Netherlands have become the place for political asylum seekers from the entire Europe. Dr Elizabeth QUAT, do you know any two of them? Of course, you do not. Anyone who studies philosophy knows that one is SPINOZA and the other is DESCARTES. It is a strategic town. The President knows that. DESCARTES was a mathematician and SPINOZA did not talk about mathematics …

(A Member talked in his/her seat)

**MR LEUNG KWOK-HUNG** (in Cantonese): What? That is SPENCER who played football under the Double Flower Football Association sponsored by the Lai Sun Group and the Eastern Sports Club …

**PRESIDENT** (in Cantonese): Mr LEUNG, please address the Chair.

**MR LEUNG KWOK-HUNG** (in Cantonese): The Dutch live in a place that reveres creativity and free thinking. This does not come from nowhere. Well aware that its country was small, the Dutch empire attracted all avant-garde ideologists to its side. Members of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), does your party have such vision? When young people wrote a few articles in *Undergrad* to talk about building a country, you already wanted to bite their head off. DESCARTES wanted to move to another place because he thought, "Buddy, given that 'I think therefore I am', if I wish to prove whether there is God, I must think about how I can prove God's existence." Precisely because he could think, he was able to think his way through what was right and what was wrong and proved God's existence. Ok? SPINOZA is the same.

So, what did you babble about Rotterdam? It certainly is the world's busiest port, but what makes the Netherlands, a country that situated below the water level, continue to exist is that the Dutch does not act like Members of the DAB who follow every word that LEUNG Chun-ying says. Buddy, can you tell me what agenda the Innovation and Technology Bureau has? In 2012, I took the lead to ask the Administration to "eat bananas", Del Monte bananas, to be exact, or pineapples, as much as they wanted. The Innovation and Technology Bureau simply should not be established. In order to postpone its establishment, we filibustered. In the past two years, has LEUNG Chun-ying told the public about the agenda of the Bureau? When will this "Invasive Technology Bureau" become "Invasive" rather than "Innovative"? Or should I ask Members of the DAB to come out and tell us more about it? The Financial Secretary is sitting in the opposite bench. He wrote in his blog that he did not oppose innovative things, but the traditional industries should not be ignored. The Financial Secretary wishes to know what innovation and technology are before he pledges his support. Buddy, he has already done you the honour. What are you talking about? Buddy, is "innovation and technology" that powerful?

President, originally I did not intent to speak, but the DAB is like a monster that you cannot afford to let it go out of sight for one moment. Buddy, the Singapore Government has developed innovation and technology for a long time but it did not set up a dedicated Policy Bureau until 2012. Would LEUNG Chun-ying tell me what this Bureau is set up for? What can it do? If the Bureau could revive the business of Asia Television Limited (ATV), does it mean that innovation and technology have worked the miracle? A miracle of revival? Buddy, follow the rule of the game. I ask you what the Bureau does.

Dr Elizabeth QUAT, what does the Innovation and Technology Bureau do? To begin with, does Hong Kong have any hinterland to act as the local market for its innovation and technology to operate and further develop?

Secondly, will there be any experienced market players or unscrupulous international tycoons who will fancy our enterprises? Buddy, Hong Kong does have a Growth Enterprise Market, but it is for speculative activities. MA Yun was spotted by SoftBank for his ability. Are you asking LI Ka-shing to acquire our enterprises? Buddy, LI Ka-shing has gone to Israel. If your proposal is feasible, LI Ka-shing would not have to go all the way to the Dead Sea for a swim. He did not need to send his girlfriend Solina CHAU Hoi-shuen to go there to swim. Buddy, if you can develop the business here, he would have already done it. Members of the DAB, do not fool Hong Kong people with your Smart City. Smart-ass! What are you talking about here? Dr Elizabeth QUAT, I am challenging what you said. I will stop here and you can send your DAB members to defend LEUNG Chun-ying! Since his Innovation and Technology Bureau was vetoed by us in 2012, what has he done to explain to Hong Kong people the work of this "Invasive Technology Bureau" …

(Mr LEUNG Kwok-hung hit the bench)

**PRESIDENT** (in Cantonese): Mr LEUNG, do not hit the bench again.

**MR LEUNG KWOK-HUNG** (in Cantonese): Buddy, this is none of your business. If I break it, I will pay for it. Buddy, would you not do that when you get angry? There is no Smart City which has a smart-ass. If the smart-asses are from the DAB and they make speeches like that, they would be wasting our time. Are they qualified to speak? If not, they had better shut up. How dare they speak in this Council?

To cut the long story short, if you endorse the "Invasive Technology Bureau", fine, what are your justifications? New York does not need one and Taipei does not do it this way. Taipei developed a Taoyuan High-tech Industrial Park. Singapore did not have a similar Policy Bureau, not until 2012. What is your point then? London does not have such a minister. Buddy, London is a big city, from zone 1 all the way to zone 6. It is so big that you cannot even imagine. I do not want to waste anymore of my time. If the DAB wishes to

bolster LEUNG Chun-ying's initiatives, fine, but do not turn our city into a Smart City just because they want to be smart-asses. That is just a waste of time. Good night. I now wait for your response. You can continue to speak. I will respond to you tomorrow.

**PRESIDENT** (in Cantonese): Does any other Members wish to speak in this Debate Session?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): If no Member wishes to speak, I will invite three public officers to speak. On the basis of 15-minute speaking time for each officer, they may speak for up to a total of 45 minutes.

**FINANCIAL SECRETARY** (in Cantonese): President, the Chief Executive rolled out a number of measures on improving people's livelihood in this year's Policy Address. I will act in total concert with his measures on the financial front.

In the past year, the external environment was constantly unstable. The Hong Kong economy only grew by 2.4% year-on-year in real terms in the first three quarters, showing a slowdown in growth rate as compared with the 2.9% growth rate in 2013 as a whole. With the global economy recovering moderately only and sluggish external demand, Hong Kong's exports only recorded moderate growth in the first three quarters, while services exports were visibly slackened by the weaker spending power of inbound visitors. At the same time, the momentum of domestic demand also slackened off. Private consumption expenditure grew only by 2% in the first three quarters and the overall investment declined due to a plunge in private equipment acquisition.

In the fourth quarter of 2014, exports of goods turned weak again. The upward trend of non-Mainland visitors in the first three quarters was reverted to a downward trend in the last quarter. The growth in gross proceeds from retail sales slowed down. Total restaurant receipts also recorded a year-on-year downward adjustment by volume. Latest surveys showed that enterprises' business sentiment was more cautious when compared with the previous few

quarters. While the weak external economic environment definitely played a part in these figures, the disruption caused by the Occupy movement on our local economy was also reflected in this quarter's figures. With a 3.3% unemployment rate and a stable labour market to sustain a state of full employment, people's income continued to record an increase.

Despite the overall economy's lukewarm performance, the property market heated up again last year. Given the market expectation of a lingering low interest rate environment, coupled with a tight short-term residential property supply, the residential property market turned active again after the second quarter of last year. The annual total number of sale and purchase agreements for residential property received by the Land Registry leapt by 26% to 63 800 over a year earlier and the overall property price shot up 13% within the year. I will closely monitor the situation and roll out timely measures.

Looking ahead, the momentum of Hong Kong will continue to be limited by the challenge-plagued global economy in 2015. Affected by the aftermath of the financial tsunami, the annual growth rate of Hong Kong's economy has dropped below our average trend growth rate in the past decade for three consecutive years since 2012. In recent months, the external environment has become more, rather than less, turbulent, which is a cause of concern.

Hong Kong is an externally-oriented economy, extremely vulnerable to external influence. We should put several areas on the radar. First of all, the Eurozone's deflationary risk is heightening. For two consecutive months since last December, the overall consumer prices of the Eurozone have dropped, partly due to the fallen oil prices. More importantly, it is due to the consistently weak demand in several Eurozone countries which have been beset by structural problems such as low growth rate, high unemployment rate and heavy debts.

After the Greek parliamentary elections by the end of last month, the anti-austerity camp took power. The negotiations between the new Greek Government and its international creditors on its bailout suffered a series of setbacks. Meanwhile, the risks of default of the Greek sovereign debts or even its exit of the Eurozone are hard to be dissolved in the short term. Coupled with the geopolitical tensions in Eastern Europe which dampened investment atmosphere, our economic prospect will meet with even more uncertainties.

In the face of deflationary risks, the European Central Bank announced last month a substantial scaling-up of its asset purchase programme to expand its asset-purchasing to cover for the first time sovereign debts of its member countries from March onwards. The programme involves a monthly asset purchase amounting to €60 billion and is tentatively set to last until September next year. By then, over €1,000 billion will be added to the balance sheet of the European Central Bank. How well this aggressive monetary policy works in stimulating the economy in the region is still under observation, but its negative impacts have surfaced well in advance. The Euro hit its 11-year low against the US dollar. The recent substantial depreciation of Euros also prompted Switzerland to delink the Swiss Franc from the Euro in last month-end. The two negative impacts have sent strong shock waves through the international financial market.

Turning to Japan, its economy has tumbled since its sales tax hike last April, forcing its central bank to expand quantitative easing last October and postponing its second round of sales tax increase. With domestic demand lacking vibrancy and the structural reforms, the most crucial step of "Abenomics" which is yet to be launched, Japan's road to economic recovery this year will face many obstacles.

In contrast, the United States economic prospect at the moment is far brighter. Its unemployment rate has progressively lowered back to a relatively normal level. The United States Federal Reserve is planning to taper its asset-purchase programme. However, precisely when and how frequently United States interest rate will increase hinges on its subsequent economic performance. Uncertainties remain.

In fact, the recent United States economic data are volatile. The momentum of economic growth in the fourth quarter of 2014 slackened off. Retails sales, industrial production and orders in last December dropped. Affected by the fallen oil prices, inflation dampened. The unfolding of these events add uncertainties to the timetable for the United States to kick-start its interest rate hike.

The recent plunge in international oil prices, the speed and magnitude of which have made the timetable and tempo of the United States exit plan even harder to predict, has put immense pressure on the finance and exchange rate of some petroleum exporting countries. The knock-on effects have undermined

global financial stability. The plunge in oil prices within a short period of time has negatively impacted on the external economies and financial markets. This has been indicated in the slump in the Russian Ruble at the end of last year and the expected volatility in the US dollar exchange rate.

The economic growth forecasts of certain major emerging markets, including those of Brazil and Russia, are weak. The global economy is rolling forward in low gear. The time of the United States interest rate hike is yet to be known. Besides, central banks around the world are switching to an active monetary policy. Apart from the further easing measures of the European and Japan central banks earlier, countries such as India, Denmark, Canada and Australia lowered their interest rates in recent weeks and Singapore suddenly reduced its floating exchange rate band, which, in effect, is a move to ease its monetary policy. These developments show that the international financial situation and exchange rates are getting more volatile. All these factors are unfavourable to Hong Kong's exports this year.

While external environment is extremely volatile, the economy in the Mainland is growing at a relatively stable pace. Coupled with the opportunities brought by its policy of reform and opening-up, the Mainland's economy remains a major impetus to the development of Hong Kong's economy. Last year, the annual growth rate of China hit 7.4%, growing at a consistently stable speed throughout the year. Despite growing at a slower pace as compared with its high-speed growth a decade ago, China's growth rate is still much higher than those of the developed countries and many emerging markets.

Our country has ample leeway to roll out support measures for economic development when necessary. It is believed that our country on the whole will maintain stable growth, but it will face the pressure of downward-adjustment in the short run, which in turn will inhibit Hong Kong's growth in exports to the Mainland.

Generally speaking, the economy of Hong Kong will have many challenges this year. Our export growth will be clouded by the uncertain international situation. Domestically speaking, global and local property prices this year will be rather volatile under the unstable external environment and affect consumer sentiments and investment atmosphere. Moreover, we need to remain vigilant in the growth of in-bound visitors and changes in their spending pattern.

Regarding commodity prices, inflation was moderate last year. The underlying inflation rate went down from 3.8% in the first quarter to 3.3% in the fourth quarter, averaging year-on-year at 3.5% and 0.5% lower than the yearly-average of 4% in 2013.

At present, global food and commodity prices see a trend of downward adjustment. Inflation trends of our major imports sources are moderate and the inflationary pressure from the import segment is limited. Locally, commercial rental maintains at a single-digit increase rate on a yearly basis. Coupled with the generally stable growth rate in income, our inflationary pressure in the short run should be under control.

When I deliver my Budget by the end this month, I will give an account of this year's economic situation and its outlook as well as the measures that should be rolled out in response to this year's economic environment.

Regarding economic development, Hong Kong should make good use of the unique advantages rendered by "one country, two systems" and move our economy up the value chain. We should enhance our competitiveness so as to achieve sustainable economic development. The Government will continue to invest in infrastructures, develop lands, nurture talents, consolidate our core strengths and strategically promote the development of emerging industries.

We will further strengthen co-operative efforts with the Mainland and other economic partners. The world economic axis is moving eastward. We will grasp the development opportunities created by this mega world trend and those that appeared in the economic reform and restructuring in the Mainland. On the other hand, the Government needs to ensure the effective use of resources, stick to the principle of financial prudence and respond to the challenges posted by the long-term demographic changes

Regarding economic development, the Chief Executive proposed a number of measures in the Policy Address to strengthen traditional priority industries, such as the development of logistics industries and high value-added maritime services industries. Some of these measures are conducive to Hong Kong in strengthening its position as an international aviation and maritime centre, such as taking forward the three-runway system project at the Hong Kong International

Airport, supporting the industries in talents recruitment and training and reserving lands for logistics uses. The Government will establish a new maritime body to facilitate Hong Kong's maritime business.

Regarding financial services development, the Financial Sector Assessment Programme report released by the International Monetary Fund last year affirmed the resilience of Hong Kong's financial sector. However, we cannot lower our guard in the face of possible fluctuations in the global financial market. We will timely update our regulatory regime and strive to keep it up to international standards, so as to enhance the stability of our financial system.

We will capitalize on Hong Kong's unique role in the Country's continuous financial reform and opening-up, take full advantage arising from Hong Kong's position as the global hub for offshore RMB business and deepen the circulation of RMB funds between the two places, so as to work towards the goal of mutual access between the two financial markets and create criteria favourable to the financial development of Hong Kong while dovetailing with the Country's progressive opening up of it capital account.

Regarding the development of Hong Kong's high value-added emerging industries which have a competitive edge, the Policy Address proposes to promote the development of innovation and technology, dispute resolution services, creative industries, intellectual property and modernization of agriculture. Next, the two Directors of Bureaux will speak in greater detail on financial services and industrial development.

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

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, I am going to make the following salient points about the work under the purview of the Commerce and Economic Development Bureau.

With regards to CEPA, the HKSAR Government and the Ministry of Commerce signed a new agreement under the CEPA framework in December 2014 to further open up Hong Kong's trade and services in Guangdong. This would pioneer the basic liberalization of trade in services between Guangdong

and Hong Kong. Guangdong has opened up 153 services trade sub-sectors to the Hong Kong services industry. The number accounts for 95.6% of all services trade sub-sectors in Guangdong.

The relevant agreement states that any CEPA-plus preferential treatments offered by the Mainland to other countries and regions will be extended to Hong Kong, so as to ensure that Hong Kong will continue to enjoy the most preferential liberalization measures offered by the Mainland.

We will continue our efforts to seek further market liberalization in terms of breadth and depth through the implementation of CEPA measures, with a view to achieving basic liberalization of trade in services between the entire Mainland and Hong Kong by the end of this year.

As to Free Trade Agreement (FTA) and investment protection agreements, we have been seeking to conclude FTA with our trade partners. Hong Kong and 10 member states of the Association of Southeast Asian Nations (ASEAN) commenced the negotiation in July 2014. We anticipate that the negotiation will be concluded next year. The 10 member states of ASEAN as a whole is Hong Kong's second largest trading partner. We hope that our trade and economic ties will be strengthened through the conclusion of FTA, and our goods and services will be able to enter the ASEAN market under more favourable conditions.

We endeavour to sign bilateral investment protection agreements with overseas countries. At present, we have signed investment protection agreements with 17 overseas countries. The negotiations with Bahrain and Myanmar have completed, and the relevant investment protection agreements will be signed once the internal procedure is completed. Moreover, we will continue our negotiation with Russia, while negotiations with Chile and United Arab Emirates will proceed this year.

With regard to trade and economic investment connections with emerging economies, the Government has been working hard to strengthen economic ties and co-operation with emerging economies, including the Middle East, Africa, India and Latin America. We will promote high-level reciprocal visits and explore trade arrangements and conclude investment agreements, so as to open up business opportunities for Hong Kong's business sector.

The Economic Development Commission (EDC), which is under the direct leadership of the Chief Executive, has all along been studying ways to broaden Hong Kong's economic base and to promote Hong Kong's long-term economic development since its establishment in 2013. Four working groups under the EDC have conducted numerous meetings within these two years and they will make specific proposals on support measures to the development of individual industry.

Among such working groups, the Expert Group on Fashion Industry (the Expert Group) was founded under the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries. To ensure sustainable and long-term growth, the Expert Group made recommendations on support policies and measures, including nurturing of talents and promoting collaboration between the traditional manufacturing industry and the fashion-related design industry, as well as strengthening promotional activities and related institutional arrangements. We are actively following up and considering the above recommendations.

With regard to the convention and exhibition industries, the Government has adopted the recommendations of the Working Group on Convention and Exhibition Industries and Tourism under the EDC and has commissioned a consultancy study to assess the future demand for convention and exhibition facilities in Hong Kong.

We have just briefed the Legislative Council's Panel on Commerce and Industry (CI Panel) this week of the findings of the consultancy study as well as the Government's follow-up proposals, including to invite the Hong Kong Trade Development Council (HKTDC) to proceed with the planning and to consider constructing a new convention centre above the Exhibition Station upon the completion of the Shatin to Central Link in 2020. We are glad that the construction of the new convention centre is supported by the CI Panel. The Government will keep considering other measures to promote the development of the convention and exhibition industries.

As to the support to Hong Kong enterprises, in particular the small and medium enterprises (SMEs), the Government attaches great importance to the development of SMEs, and it will continue to support enterprises, in particular SMEs, through various measures, including measures to assist SMEs in securing

finance and exploring export market opportunities and enhancing their overall competitiveness.

In order to support the operations of Hong Kong enterprises in the Mainland, we will continue to implement the $1 billion dedicated fund to support Hong Kong enterprises and non-profit-distributing organizations, so as to help them to capitalize on the opportunities arising from the National 12th Five-Year Plan, through developing brands, upgrading and restructuring their operations and promoting domestic sales in the Mainland.

Furthermore, our Economic and Trade Offices (ETOs) in the Mainland will continue to hold Hong Kong Week events in a timely manner to promote Hong Kong products and services, whilst HKTDC will continue to expand its network of "Design Gallery" shops in various Mainland cities and to make such network a trade and exhibition platform for Hong Kong enterprises.

With regards to the tourism industry, it has all along been an important pillar of Hong Kong's economy. Last year, the total number of visitor arrivals reached 60.8 million, a 12% increase when compared with 2013. Yet during the Occupy movement last year, the number of non-Mainland visitors to Hong Kong has decreased as compared with those of the same period in 2013. All of these indicate that the desire of visitors to travel to Hong Kong has dropped.

In order to maintain the competitiveness and help rebuild Hong Kong's image as a traveller's destination, the Government has allocated additional resources to the Hong Kong Tourism Board (HKTB) for implementing targeted promotion and publicity campaigns from January to March 2015. These include: to strengthen promotion in short-haul markets, to conduct joint promotion and publicity campaigns with the tourism industry of South Korea, Japan and South East Asian countries, as well as to invite international media to conduct duty visits in Hong Kong.

As to tourist attractions, the Ocean Park has embarked on developing an all-weather indoor cum outdoor waterpark at Tai Shue Wan, and the construction works of the Park's first hotel has also commenced. The two development projects are expected to be completed by 2017. The Government will also commence discussion with The Walt Disney Company on the Phase 2 development of the Hong Kong Disneyland Resort.

Moreover, the Kai Tak Cruise Terminal (KTCT) has commenced operation for more than one year, and the number of cruise berthings has been rising steadily. The number of ship calls at KTCT, when compared with that of 2014, is anticipated to double to almost 60 this year. According to the projection of the terminal operator, the passenger throughput (include both arrivals and departures) of KTCT in 2015 will reach 230 000, representing an increase by 77%.

In the area of intellectual property, the protection and use of intellectual property is extremely vital to our economic development. At present, we have three major tasks.

First, the Working Group on Intellectual Property led by me plans to submit a report with recommendations to the Government for consideration in the first quarter of 2015.

Second, to implement the "original grant" patent (OGP) system, we are drawing up amendments to the Patents Ordinance and our target is to introduce a Bill into the Legislative Council in the first half of 2015. Subject to the progress of the legislative exercise and other implementation work, our tentative aim is to launch the OGP system in 2016-2017 at the earliest.

Third, we introduced the Copyright (Amendment) Bill 2014 to the Legislative Council in June last year to update Hong Kong's copyright regime to ensure that it would keep pace with technological and overseas developments. The legislative proposals included are to strengthen copyright protection in the digital environment, as well as to provide for various copyright exceptions to facilitate the reasonable use of copyright works. The Bill is now under the scrutiny of the relevant Bills Committee. We will continue to maintain close liaison with various stakeholders.

Concerning broadcasting, the Government will continue to promote the development of digital terrestrial television and digital audio broadcasting service. We will make efforts to further boost up the take-up rate of digital terrestrial television and digital audio broadcasting service.

Regarding creative industries, the HKSAR Government endeavours to promote the development of creative industries, in which we will provide focused support for the film industry and design industry. As to the film industry, we

will act in concert with the four-pronged strategy to promote the development of Hong Kong's film industry as proposed in the Policy Address. We will inject $200 million into the Film Development Fund (FDF), and we will also introduce a new subsidy scheme by providing a grant capped at $2 million per film project to subsidize low-budget film productions with a production budget not exceeding $10 million per film. We will rationalize the existing financing mechanism for film production by increasing the cap of production budget to $25 million. We will also re-launch the first feature film initiative, revise the maximum contribution ratio for funding film productions appropriately and continue the promotion and publicity of Hong Kong films. In addition to encouraging the production of more local made films, we have also made an effort in stimulating the demand. During this year's international film festival, we provided ticket discounts for students, and organized seminars to increase the number of films with Chinese subtitles, with a view to promoting film appreciation among young people and building up audiences.

The Policy Address has proposed a host of measures pinpointing at the supply chain and stimulating the demand. We need good hardware besides good films and audiences. The Government will consider reserving space for cinemas in major cultural and entertainment development areas, and will explore ways to facilitate cinema development through land sale and planning.

As to creative industry, we will keep on nurturing talents, supporting newly found enterprises, exploring more market opportunities, and so on, with a view to promoting the development of the design industry. The Government will maintain its support for the Hong Kong Design Centre in the next four years in order to provide continuous support to the industry, and will provide subsidies to enable more local young designers and design graduates to undertake internship or further their studies overseas. We have also earmarked the funding for another phase of the Design Incubation Programme.

Regarding the telecommunication market, the Government and the Communications Authority jointly completed the related legislative amendments, assignment and auctioning last year in view of the expiry of existing frequency assignments in October 2016. We are currently dealing with the follow-up work. Furthermore, about the expiry of the existing assignment of the spectrum in the 900 MHz and 1 800 MHz bands in 2020 and 2021 respectively, our Bureau and the Communications Authority are going to prepare for the relevant re-assignment work.

With regard to information and communications technology (ICT), the Government is implementing pro-active initiatives and programmes to encourage SMEs to take advantage of ICT and cloud computing service to increase competiveness and develop business opportunities. We have implemented a host of initiatives and programmes, such as Sector-specific Programme, InfoCloud, Practice Guide for Procuring Cloud Services, and SME Cloud Promotion Campaign.

To ensure that the implemented security measures are adequate to meet new security challenges, the Government has adopted internal response systems and professional protection measure to provide practical guidance for the public to conduct health check through the newly launched thematic portal.

The HKSAR Government has all along been endeavouring to make available all open data assembled and collated by the Government in digital format, with a view to encouraging the public to make value-added re-use. The Data.One public sector information portal <http://data.one.gov.hk> now provides some 3 000 datasets in 17 categories for free re-use. For the sake of creating business opportunities, the Government will make available all open government data in digital format from this year onwards.

The Chief Executive announces in this year's Policy Address that he will inject $5 billion into the Innovation and Technology Fund (ITF) and to subsume the Research and Development Cash Rebate Scheme. I wish to thank Members for supporting the injection proposal and I will table our funding proposal to the Finance Committee as soon as possible.

Moreover, we will discuss with the Hong Kong Science and Technology Parks Corporation (HKSTPC) on the proposed long-term development direction of the Hong Kong Science Park (HKSP) and industrial estates, which includes the enhancement of the role of HKSTPC in the promotion of innovation and technology, as well as the further upgrade of the infrastructure of HKSP and the industrial estates.

Lastly, I wish to talk about the Innovation and Technology Bureau. In the contemporary world, innovation and technology are the important driving forces of the economy as they can promote other industries at the same time. The establishment of the Innovation and Technology Bureau may provide top-level and more focused leadership and may lead the development of Hong Kong's

innovation and technology. Over the past year, I have been explaining on various occasions about the rationale for establishing the Innovation and Technology Bureau, and the proposal was widely supported by the relevant panel, the society at large and the industry. The Legislative Council has passed a resolution in the transfer of its statutory functions, now the remaining procedure rests with the Finance Committee. Unfortunately, some Members keep on filibustering and we spent eight hours of meeting time last week. The Finance Committee only has eight hours left for this Saturday's meeting. I beg all Members to share the industry's sense of urgency and to consider from the perspective of Hong Kong's economic development by endorsing the staffing and funding proposal for the establishment of the new Innovation and Technology Bureau.

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

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, first of all, I have to thank Honourable Members for their many precious views. In the following, I will make a response in regard to a few significant areas in the finance industry.

*Renminbi Business Centre*

In terms of scale, Hong Kong is the largest offshore Renminbi business hub in the world. At the end of last year, there was a total of over RMB 1,100 billion yuan worth of Renminbi deposits and certificates of deposit in Hong Kong, which accounted for 60% of the offshore capital globally. The value of offshore Renminbi trade settlement handled by banks in Hong Kong also recorded a year-on-year growth of more than 60% last year to RMB 6,300 billion yuan.

The Shanghai-Hong Kong Stock Connect which connects the stock markets between Hong Kong and Shanghai was formally commissioned in November last year. The Shanghai-Hong Kong Stock Connect is not only contributive to the gradual opening of the capital account of the Mainland and the internationalization process of Renminbi, but also helps consolidate and enhance the position of Hong Kong as the international financial centre and offshore Renminbi business centre. With the steady and orderly operation of the

Shanghai-Hong Kong Stock Connect, we will conclude our experience and discuss with the ministries, commissions and the regulatory institutes concerned in the Mainland on improving the Shanghai-Hong Kong Stock Connect arrangements and launching the Shenzhen-Hong Kong Stock Connect. We will, together with the Stock Exchange of Hong Kong Limited and the industry, promote Southbound Trades, so that Mainland investors can have more understanding of the stock market of Hong Kong.

We will continue to maintain communication with the ministries and commissions concerned in the Mainland. Grasping the special role of Hong Kong in the intensified financial reform and opening of the country, we will give full play to the interconnection and intercommunication functions, and the edge of Hong Kong as the global offshore Renminbi business hub, with a view to consolidating the position of Hong Kong as the international financial centre.

*Asset Management Centre*

The development of asset management business in Hong Kong is extremely fast. The combined fund management business in Hong Kong hit a record high of $16,000 billion as of the end of 2013, representing a year-on-year growth of 27%. Hong Kong continues to be an outstanding asset management hub in the Asian region.

In order to provide a favourable taxation environment to attract more funds of different categories to develop business in Hong Kong, we plan to submit a bill to the Legislative Council in the first half of this year so as to expand the profits tax waiver for offshore funds to private funds. Besides, in the Budget last year, the Government proposed to waive the stamp duty for the trading of all exchange traded funds (ETFs), in order to help promote the development, management and trading of ETFs in Hong Kong. The Bill concerned was already passed by the Legislative Council on 3 February, and the concession concerned will formally come into effect on 13 February upon gazettal of the Bill.

We are currently drawing up a legislative proposal on the introduction of a new open-ended fund company structure to expand Hong Kong's legal structure for investment fund vehicles. This will support the mutual recognition of funds arrangement to be introduced in the future and can attract more funds to domicile in Hong Kong.

*Financing Centre*

We apply great efforts in providing a diversified financing platform. As of the end of 2014, the market value of the Hong Kong stock market was about US$3,200 billion. In the same year, the total amount of capital raised through initial public offering in Hong Kong was US$29.3 billion, and we ranked second globally.

In regard to the local bond market, we will continue to launch the Government Bond Programme. We will issue Government Bonds that cover longer period of time and build up a more comprehensive benchmark yield curve in the market for the convenience of bond floaters to issue bonds for financing purpose in Hong Kong. In order to promote the development of local bond market and Islamic finance, the Government was successful in issuing the first batch of Islamic bonds in the total value of US$1 billion under the Government Bond Programme last year. We will continue to collect views from the people in the market to ensure that the measures of promoting local bond market can meet the market needs.

*Finance Infrastructure*

We put in efforts to promote the introduction of an uncertificated securities market regime in Hong Kong. The Bills Committee concerned has already finished its deliberation of the Bill. We will arrange the Bill to resume its Second Reading in March. The working group formed by the Securities and Futures Commission (SFC), the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited is drawing up the operation details in full swing. The SFC will also consult the public on the subsidiary legislation.

Product payment and payment system are closely related to the stability of the financial regime. In this regard, I have already submitted the Clearing and Settlement Systems (Amendment) Bill 2015 to the Legislative Council early this month in order to empower the Hong Kong Monetary Authority to supervise stored value facilities and retail payment systems.

*Enhancement of market quality*

We have already put into practice a number of international regulatory requirements in order to strengthen the stability of the financial market. Hong Kong has already drawn up a primary legislation on the introduction of a

regulatory regime for over-the-counter (OTC) derivatives markets last year. We will submit the first batch of subsidiary legislation in due course to the Legislative Council for deliberation, for the purpose of carrying out the responsibilities of mandatory reporting and related record keeping.

The establishment of an effective resolution regime can effectively resolve certain financial institutions which play a decisive role in the financial regime and whose closing down will bring dire consequences to the stability of the financial regime. In the first phase of the public consultation conducted last year, most of the respondents and stakeholders were in the view that the establishment of an appropriate resolution regimen was very important. In January this year, we conducted the second phase of three-month public consultation, consulting the public and the sector on the specific arrangements involved in the establishment of the resolution regime.

Since the international society is still having discussions on individual areas of how to implement the new global standard and will provide the guidelines concerned, we plan to conduct the third phase of public consultation, which will last for a shorter period time, in the first half of this year. Depending on the outcome of the consultation, we expect that the legislative proposal concerned can be submitted to the Legislative Council by the end of 2015.

In regard to the global standard of bank regulation, Hong Kong will continue to draw up requirements to promote the overall stability of the banking regime for the implementation of the second phase of Basel III, in accordance with the timetable suggested by the Basel Committee on Banking Supervision.

*Improvement to local regulatory measures*

In regard to improving the Regulatory Regime for Listed Entity Auditors, we have already completed the three-month public consultation in September last year. We are currently considering the opinions received seriously in order to draw up a detailed legislative proposal.

The Bill for the formation of an Independent Insurance Authority was submitted to the Legislative Council for deliberation in April last year. We expect that the Bill can be passed in the middle of this year and we can then immediately prepare the establishment of the Provisional Insurance Authority.

The Risk-based Capital regime is the international regulatory requirement for the insurance industry which helps to enhance the regulation on financial stability of insurance companies. At the end of 2014, the Insurance Authority (IA) consulted the public and the industry on the proposed framework. The IA is currently assessing and analysing the views collected and will conduct a quantitative research on the impact of the proposal. Afterwards, it will conduct another round of consultation on the specific rules.

We are at the moment preparing the related provisions on improving the corporate insolvency law, and we plan to submit the amended Bill to the Legislative Council in this Legislative Session. On the introduction of a statutory corporate rescue procedure and the regulation of insolvent trading, we have already put forward a series of legislative proposals last year, and we plan to further discuss with the stakeholders concerned on the specific legislative proposals this year.

Besides, the authorities have already finished reviewing the abscondee regime under the Bankruptcy Ordinance last year. After consulting the views of the Panel on Financial Affairs of the Legislative Council and the stakeholders, we are now preparing the related provisions and plan to submit the amended Bill in this Legislative Session.

*Mandatory Provident Fund System*

The Mandatory Provident Fund (MPF) System is one of the three pillars of old age protection as envisioned by the World Bank which aims to help the workforce save for their retirement. The Government and the Mandatory Provident Fund Schemes Authority (MPFA) will continue to put in efforts to improve this system. At present, the major work includes the introduction of "core fund" which will become the default fund for all MPF schemes. This will provide scheme members with an investment option which is subject to fees control and in line with the long-term retirement target. At the same time, this can promote competition among funds and can further drive down the fees. The MPFA is for the time being arranging the views collected during the public consultation period from June to September last year, and is actively discussing with the industry for drawing up the structure and mode of investment, details of the fees and legislative proposal of the fund, so that the core fund can be introduced earlier.

*Exchange of Taxation Information Arrangements*

In regard to global taxation collaboration, Hong Kong will continue to put in efforts to negotiate with other trading partners on signing the Comprehensive Double Taxation Agreements so as to expand Hong Kong's network. Corresponding to the new global standard put forward by the Organization for Economic Cooperation and Development on automatic exchange of financial account information in tax matters, we reported the related matter to the Panel concerned in November last year. Our existing objective is to draw up a specific legislative proposal in 2015 and submit the Bill to the Legislative Council in 2016.

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

**PRESIDENT** (in Cantonese): The first debate session has ended.

We now proceed to the second debate session. The debate themes are "Land, Housing, Transportation, Environment and Conservation". This session covers the following seven policy areas: Housing; Development (planning, land and works); Building Safety; Transport; Economic Development (energy); Environmental Affairs; and Conservation.

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

**MR KENNETH LEUNG** (in Cantonese): President, I would like to express my views on the Policy Address in the area of environmental protection.

President, air pollution problem in Hong Kong has always been a target for blame all these years and there have been comments pointing out that as many overseas talents have given up Hong Kong and chosen to pursue their career and live in Singapore, Hong Kong's competitiveness as an international financial centre would be affected in the long run. Cross-boundary air pollutants generated from industrial activities in coastal places of the Mainland are undoubtedly one of the major reasons for Hong Kong's poor air quality but obviously, there are other major reasons seriously affecting the air quality in

Hong Kong, such as the design of a high density city, a high percentage (68%) of coal-fired power in our fuel mix and the acute problem of busy traffic flow, which is accounting for 17% of the total road traffic.

I am very pleased to note that measures contained in A Clean Air Plan for Hong Kong (the Plan) released by the Government earlier have already been implemented one after another over the past one or two years. However, there are still some blemishes in the policy initiatives highlighted in this year's Policy Address on environmental protection. With regard to air pollution caused by roadside emission, it is my opinion that the Government should follow the example of the management of municipal solid waste and seek to achieve emission reduction at source through reorganization of public transport routes, thereby giving expression truly to the idea of "co-operation of the three bureaux" as suggested in the Plan. As buses powered by a Euro VI hybrid engine have already been put on trial and introduced in the territory by bus companies, it is also my opinion that adequate financial assistance and incentives should be provided for bus companies to introduce on a larger scale buses powered by a hybrid engine so as to reduce emission of air pollutants from buses.

At the same time, there are now nearly 500 000 private cars running on the roads of Hong Kong, among which only 1 720 are electric vehicles (that is, accounting for 0.35% of the total number of private cars). It would also be necessary for the Government to widely promote the use of electric vehicles and put forward a concrete target for increasing the market share of electric vehicles. President, I can of course understand that it might not be possible for the Government to agree to fully subsidize the replacement of electric private cars with public monies and provide the basic ancillary facilities required. However, the Government can at least try to lobby large enterprises and multinational corporations for the acquisition of, from the perspective of corporate social responsibility, more electric private cars for use as company cars, and then gradually promote the use of electric vehicles to other private car drivers.

President, a great number of high-rise buildings are standing in Hong Kong and the energy consumption in these buildings is also another major source of pollutant emission in our city. I consider it necessary for the Government to conduct a review of the gross floor area (GFA) concession measures which have been put in place since 2011. On the one hand, an assessment system reform under Building Environmental Assessment Method Plus (BEAM Plus) should be called for so that more stringent application criteria would be adopted to promote

the use of lighting and air-conditioning with a better performance in energy efficiency, waste recovery system and green features among developers. On the other hand, GFA concessions can also be granted according to a green building ratio so as to encourage developers to incorporate a larger number of notable green features, such as energy saving devices. Building designs such as vertical or rooftop greening may relieve the hot island effect in urban areas and the air pollution problem caused by hot air.

Besides, Hong Kong should also formulate an energy policy to meet local needs. Owing to our geographical constraints and the lack of natural resources, we should strive to enhance energy security and energy independence. In order to reduce carbon emission further to achieve the target for emission reduction determined for the future 30 years, the Government should also tackle the problem at source to increase the proportion of clean energy and expeditiously introduce renewable energy.

Nevertheless, apart from reviewing our fuel mix and the Scheme of Control Agreements (SCAs) signed with the two power companies, not much have been said by the Government on energy policy. President, it so happened that a study report was released by the Consumer Council at the end of last year to put forward very specifically some directional suggestions on the market structure and the future development of Hong Kong electricity market. It is unacceptable that nothing has been mentioned on carbon emission in the existing SCAs signed with the two power companies, thus ignoring the disastrous effects caused by global climate change in the long run as well as the basic responsibility of Hong Kong in this respect as an international metropolis. Energy independence requires the support of a consolidated and comprehensive policy as well as a dedicated planning team and supervisory regime, so that more focused policy measures and targets would be in place and more resources would be allocated to address problems concerning the macro climate. Otherwise, Hong Kong would have to face the disastrous effects caused by being not energy independence in the long run.

In order to keep in line with the international trend, establishing a low carbon city and moving towards a green economy would definitely be the modes for Hong Kong to develop a diversified economy. In order to better prepare ourselves for climate change, planning for a green growth would also enable us to develop more diversified industries while injection of fund by the business sector would stimulate the demand for more innovative technology and research talents

in the field of sustainable industries so that we may be able to follow the major trend in other advanced countries of the world. Under such circumstances, I think the Government should be more far-sighted in promoting the industrialization of various green measures and tapping professional talents in various sectors. The environmental protection efforts in Hong Kong should not remain at the level of policy discussion only. They would allow the concept and thinking of sustainable development to blend into the economic development strategy of Hong Kong.

President, I so submit.

**MR DENNIS KWOK** (in Cantonese): President, we are very concerned about the subject of environmental protection. Unfortunately, this Policy Address does not propose any new policy initiatives about it, except repeating last year's policy initiatives.

Green groups, environmental protection organizations and members of the public are in fact very concerned whether the Government can expeditiously implement certain environmental protection measures, such as switching fuel at berth. The Government said in 2013 and 2014 that legislation would be introduced on this subject, but it is already 2015 and the Government has not introduced any relevant legislative proposal to the Legislative Council for scrutiny. We are well aware that this measure can effectively alleviate the air pollution problem in Hong Kong. I hope the Director of Bureau concerned can later respond to whether the Government can expeditiously introduce the legislative proposal on switching fuel at berth to this Council for scrutiny. The Civic Party very much supports this measure as we all know that the emissions of vessels account for a very high percentage of the total emissions within Hong Kong waters.

On air pollution, I mentioned earlier the work on reviewing the Air Quality Objectives once every five years and asked the Bureau what work it had done in this regard. The first review should be conducted in 2019, but the Government will have a lot of work to do in the interim. It cannot wait until 2019 to formally start working on the review. The Government should start right now to progressively collect statistics and conduct statistical analyses on a yearly basis, that is, by doing internal analyses, so as to let the public know how air quality in Hong Kong has progressively improved. By doing so, the Government will be

able to build up a comprehensive picture in 2019 and the public will know whether the Government has done enough work in the past five years. If not enough work has been done, we can then discuss how to enable the Government to do a better job. I hope the Director of Bureau can later give a response to explain the government plans in a medium term so that we can understand the Government's blueprint when it conducts the review in 2019.

I know that the Bureau wishes to do more in the medium term. If it has issues regarding resources and manpower in taking forward the work, it can raise its concern. We will then consider whether or not to endorse its staffing proposal for conducting the medium-term work so that the public can witness the progressive improvement on our air quality in the run-up to 2019. By doing so, we can turn Hong Kong into the most desirable city for living not only in China, but also in the entire Asian region.

On the subject of conducting a review once every five years, the Director of Bureau touched on an issue which I am very much concerned about, which is whether the factor of public health will be included in the review. I remember that during the scrutiny of the Bill, the Director of Bureau and I repeatedly debated on this point. The Administration did not accept my proposed amendment, which is fine as the Bill has already been passed. The Director of Bureau said at that time that public health was an important factor that the Government needed to take into account. Hence, I hope that the Director of Bureau will later explain how the Administration will indicate this important factor, and to me it is the most important factor in the review mechanism.

Air pollution includes roadside air pollution. On this front, the most important points of concern are whether sufficient data are now available to reflect the situation of roadside air pollution, whether sufficient roadside air quality monitoring stations are available, and how many districts in the territory have installed these roadside air quality monitoring stations. Of course, installing roadside air quality monitoring stations in each and every district is not the solution to the problem because many districts are actually not suitable for such installations. Are there sufficient roadside air quality monitoring stations in the densely-populated districts in Hong Kong? Does the Government need to review its policy in this regard? I hope the Director of Bureau will later respond to these questions.

As the Secretary Prof Anthony CHEUNG is now present, I wish to talk about another issue, that is, whether it is appropriate to introduce more pedestrian schemes in Hong Kong, so as to alleviate the air pollution problem. We have asked the Environment Bureau whether it would consider this proposal and its reply was that the Transport and Housing Bureau and the Transport Department were unwilling to adopt this proposal. However, the Transport Department claimed that the problem was caused by improper planning on the part of the Environment Bureau. They kept on shirking the responsibility to each other. As a matter of fact, the public want to have more pedestrian schemes in Hong Kong to make them more people-oriented, thereby optimizing Hong Kong's public space.

During the Occupy Central movement, a number of important roads were occupied, but many people said that the air quality at that time was improved, and they were of the view that the proposal was feasible. Let us set aside the issue of Occupy Central. At least, the Bureau can implement pedestrian schemes on more roads and widen pedestrian walkways, or even designate certain places as low emission zones. Can the Government implement these measures? Will it consider applying these measures in the city centre of Hong Kong? I hope that the Secretary Prof Anthony CHEUNG or Secretary WONG Kam-sing can share their views in this regard.

Next I wish to talk about an issue that I am of great concern, that is, reforming the system of environmental impact assessment (EIA). We all know that the technical memorandum stipulated in the EIA Ordinance has been in use since 1997 and has never been amended. The technical memorandum is very important in that it dictates the entire EIA mechanism. As such, should the Government not update or review it? Actually, many environmental protection organizations have lost confidence in the EIA mechanism. As the conclusions drawn in EIA reports are not convincing to people, judicial reviews are initiated on the reports. But, judicial review may not be the best way to settle dispute on EIA. The best remedy and the best cure to the problem are to target at the EIA system itself. The Government should consider how to make the EIA system more convincing and transparent, so as to strengthen the confidence of environmental protection organizations and the public on the conclusions drawn in EIA reports.

Last but not least, I wish to talk about the application of EIA reports on the PATH (that is, "Pollutants in the Atmosphere and their Transport over Hong Kong") model, which is a model used for forecasting air pollution. The Bureau has undertaken to make public the details of the PATH model, so that the academia and environmental protection organizations will know more about the status of application of the model. However, to date, the Government has not established any groups for experts to study and learn more about its application. As far as I know, the Government has already started to use a new PATH model in January. When will the Bureau honour its commitment and make public information about the PATH model? I believe the Director of Bureau is aware that I have raised questions on the review of the EIA system because I am very concerned about this issue. I hope the Bureau can commit itself to reforming the EIA system in the near future.

Thank you, President.

**MR LEE CHEUK-YAN** (in Cantonese): President, I speak on behalf of the Labour Party to discuss the housing issue in this debate session.

Indeed, many people know that LEUNG Chun-ying always refers to the housing issue the "top priority" of the Government under his leadership. But what has been achieved so far? To the large number of people who are waiting for public housing and cannot afford to buy a flat, the housing issue is their "greatest misery". Many people have made it clear that they do not have any expectation for LEUNG Chun-ying to resolve the housing issue. While property prices had never been so high in the past, they have been hitting historical high consecutively under his governance, and even the price for a public housing unit has now been pushed up to over $2 million. As for the less expensive flats or smaller flats, such as those in City One Shatin, the price for a small flat has been pushed up to almost $4 million.

Just imagine, if a young person earning $20,000 a month wants to buy a $4 million flat, he has to work 200 months. How many years will 200 months amount to? If he can spend all his salaries on the flat, he still has to work 200 months (some 10-odd years) for the purpose. In other words, he just cannot afford to buy the flat. So, how will the young people and the people living in "sub-divided units" and waiting for public housing think about the housing policy of the Government of the Special Administrative Region?

Let us take a look at the "sub-divided units". The number of "sub-divided units" has increased 30% in a year and a half, and the figure is still soaring consecutively. We have been urging Secretary Prof Anthony CHEUNG repeatedly — we are still urging him, only that he just keeps saying that is not feasible. With regard to his long-term housing policy, we have asked him about the number of flats expected to be completed in 10 years' time and the measures to address the various existing problems. We have also asked him why the Government cannot implement any rent control. At present, flat owners increase the rents almost once a year and the rate of increase is around 10%, 20% or even 30%. In the face of such rental increases, tenants have to move to another flat every year.

However, the Secretary does not intend to address the problem. According to him, if rent control should be implemented, flat owners may withdraw their supply from the market and stop renting out their flats. But then, if they really refuse to rent out their flats, the flats will be left vacant. In that case, the Government can levy a vacant property tax. As such, the flat owners may suffer losses if they leave their flats vacant. Actually, the market will not operate like what the Secretary believes, as it is better to have rental income than receiving no income. If the flat owners should insist leaving their flats vacant, the Government could regulate such flat owners by introducing a vacant property tax. However, the Secretary just turns a deaf ear to our views. Hence, no short-term housing measures have been introduced so far. As a result, members of the public have to keep waiting for public housing while living miserably in "sub-divided units".

Then, all of a sudden, the Secretary seemed to have a new "idea" recently. In my view, if that is not the Secretary's idea, he should say so. Indeed, the Secretary has never mentioned to the Legislative Council Panel on Housing about putting up an entire block of public housing for sale, and such an idea is not included in the Long Term Housing Strategy either. Given that the Secretary has proposed a number of initiatives under the Long Term Housing Strategy and released a report on the consultation exercise conducted in this respect, he should proceed with the initiatives proposed under the Long Term Housing Strategy. How come people suddenly say that an entire block of public housing will be put up for sale when the idea is nowhere to find in the Long Term Housing Strategy? Should that be the case, on top of our Home Ownership Scheme flats and public housing units for rent, we are going to see some public housing units for sale. But then, where do such public housing units come from?

Certainly, I believe the Secretary is under the pressure from LEUNG Chun-ying, "689". Perhaps "689" loves the so-called "new policy" and release the news and force Secretary Prof Anthony CHEUNG to accept the responsibility. If the Secretary is really forced to shoulder the responsibility, he should say so; otherwise, I will take it as he has a share in the matter. Actually, he is now having a share in the matter, as he has been forced to taken on the responsibility before attending the meeting of the Legislative Council Panel on Housing. But then, what is the undesirable effect of this "forced responsibility" incident? After the Secretary is forced to take on the responsibility concerned, some public housing units will be put up for sale rather than for rent in future, thereby adding to the waiting time for rental public housing.

He has mentioned at the meeting of the Legislative Council Panel on Housing that the arrangement would involve two periods of time. In addition to the time allowed for fitting-out works, the sale process would also take some time, as it would take quite a period of time or even months for one to choose a unit and decide to acquire it. While he has mentioned about the introduction of a forward sale arrangement, the potential buyers still have to take a look at the units before really buying them, and this process will take quite some time. Actually, the public housing units are ready for allocation to applicants upon completion, but they are not available so readily now. No allocation can be proceeded with until someone have bought the new units and vacated their old rental units, and the Secretary has already pointed out that such process would take 10 weeks' time. Hence, at least half year to nine months will be wasted when the new units are putting up for sale. According to his logic, the poorer applicants on the Waiting List will never have the chance to move to a new public housing unit, as the new ones will be put up for sale. They are forced to accept the old units because the authorities will only allocate the vacated old units to the applicants on the Waiting List. Should that be the case, members of the public on the Waiting List will have to wait an even longer time. Is he treating these members of the public fairly? What is the purpose of such a measure? He has claimed that this would help to promote the flow of units, but this could only help to promote cash flow for the Hong Kong Housing Authority (HA) in reality. This measure is by no means conducive to the change of hands of public housing units. What is the point of introducing this measure to achieve nothing but helping the HA to have a better cash flow?

Hence, President, I wish to put it on record that the Labour Party opposes putting up newly completed public housing units for sale. We hold that public housing units should always be rent out to tenants, so that the applicants on the Waiting List can be allocated a unit expeditiously. Thank you, President.

**PROF JOSEPH LEE** (in Cantonese): President, I would like to express my views on the housing policy in the current debate session. After going through the Policy Address this year, I have an impression and the Secretary should pay attention to it, that is: What is the specific aim of the Government's housing policy? Does it want every one of us to achieve home ownership or to have no one rendered homeless? If it is the Government's policy to have every person in the society achieved home ownership, this will give rise to very serious consequences. What should we do, then? Would it be mandatory for every one of us to purchase a flat? I cannot help wondering if this is the case since the Government has really said so.

If this is not the case, why does it go so far as putting up public rental housing (PRH) units for sale? Mr LEE Cheuk-yan has also touched on the issue in his speech just now. It does not matter if the Government is putting up new PRH units for sale since these units can be made available to Green Form applicants and the existing PRH units thus vacated may contribute to the turnover of PRH units. However, if these PRH units are also made available to applicants on the Waiting List for PRH, just as what I have raised at the meeting of the relevant Panel, who would apply and wait for a long time for the allocation of a PRH unit if he/she can afford to purchase a new PRH flat or achieve home ownership? Does it mean that applicants on the Waiting List for PRH may also want to purchase a Home Ownership Scheme (HOS) flat but since they cannot afford the price of a HOS flat for the time being, new PRH units are made available to them by the Government instead? Is it the Government's intention to continue with its "blind scramble for land" so that new PRH units would be constructed to boost the turnover of PRH units? Mr LEE Cheuk-yan opines that by doing so, the Government would actually push the relevant figures of the Hong Kong Housing Authority (HA) significantly upward. However, I do not think so and in my opinion, the Secretary has, by doing so, in fact altered the average data of those who have bought their first home or have achieved home ownership, thereby creating an impression with the altered data that Hong Kong people have managed to buy their first home sooner. Nevertheless, what is the big deal with people buying their first home? Can the problem be resolved? Is

it the Government's purpose to enable Hong Kong people to buy their first home? This is puzzling to me because what kind of a government would it be for not striving to ensure that no one would be rendered homeless but rather, endeavouring to have its people achieve home ownership? This is really strange to me.

If the Government does not put up PRH units for sale … I wonder if the information I get is reliable but there are both rumours and news reports about the leasing of HOS flats and the arrangement for the owners of these flats to settle account with the Government. Of course, the Secretary has indicated that there are both pros and cons for the leasing of HOS flats and quite a number of legal issues are involved. However, as long as the Secretary has hinted on this and a balloon has been sent up into the sky, there would be wild thoughts about its possibility. Those who own a HOS flat at present may consider leasing the flat and then purchasing another property unit or moving into another rented unit. Nevertheless, in the absence of rent control, what we have repeatedly cautioned would come true. As the Government does not want to introduce rent control, those in the middle class who cannot afford to buy their first home for the time being would have to live in rented premises and in the face of escalating rents, they keep moving to smaller units and their living space keeps shrinking. If the Government seeks only to help these owners rent out their HOS flats without purchasing another property unit, they would be required to move into another rented flat so how could this facilitate the turnover of housing units and produce more favourable data about those who have bought their first home? I have thought it over again and again, but I still fail to understand why the Government has to formulate such a policy. I really cannot make head or tail of this.

If the Secretary wants to improve the turnover of PRH units, something could be done on the abuse of PRH resources, which is quite common as we have always emphasized and as pointed out by The Ombudsman. We are not trying to suggest that those who have housing needs are rendered homeless but the problem is, there have been cases indicating that some PRH tenants are really abusing PRH resources. In this connection, notice should have been issued by the Government as soon as possible to ask these tenants to move out, so that the relevant resources could be re-allocated to help those in need, that is, those who should be offered a PRH unit as soon as possible. What I am talking about is the need to have an offer of a PRH unit, not the need to buy their first home.

Besides, as far as well-off PRH tenants are concerned, why the Secretary cannot fix a maximum number of years allowed for cases involving such tenants now? After a lapse of the prescribed number of years, those who meet the criteria determined for well-off tenants should be able to purchase their own flats, such as HOS units, and move out. The Secretary could at least give a reply on these proposals so that occupying PRH flats by well-off tenants would be discouraged. If a maximum number of years is not fixed for the purpose, well-off PRH tenants would be misled into thinking that with the loopholes in the policy on well-off tenants, there would be a chance for them to take advantage of the situation and live at their PRH flats for their whole life. PRH resources would thus be abused by these tenants, who would reside at their PRH flats forever. Consideration should be given by the Secretary to such issues since he had once served the HA, and for a long time too.

We have talked about private housing just now and this is a very important component of the problem under discussion. The Secretary may also notice that according to some statistical results published recently, there was an increase of property price in private housing market every year for the past six consecutive years. It has risen by 1.65 times as compared with the price six years ago and the money involved is of a very huge amount. If $1 million was required in the past to purchase a flat, over $2 million has to be spent on the same property now. It is of course a joke. How can it be possible to spend just $2 million-odd for purchasing a flat now? Private housing units with such a selling price simply do not exist.

However, the Secretary has also elaborated on an assumption that as long as the Government could increase housing supply, there would be a downward adjustment of property price. The issue in question is: Does the increase of housing supply as referred to by the Government mean that more land would be sold to developers for housing production? Nevertheless, would developers immediately proceed to implement housing projects on the sites acquired? Would the land be put aside and left idle for the time being? If so, could it be possible that the Government is actually doing developers a favour? As the high land price policy has been adopted in Hong Kong, the more land which the Government has sold, the higher increase would be recorded in the government revenue. This is also the reason why the "God of Wealth" is sending out messages to suggest that if all go well for the Budget, a much greater amount of tax rebate could be offered this year. At a time like this, the policy is actually of

no help to regulate property price. Although it is not our intention to control property price, what could be done to curb the continual upward trend of the ever surging property price?

Moreover, the Government has also implemented an interesting policy of "blind scramble for land", seizing every piece of land found in the urban areas. Apart from interfering with the procedures of town planning, some sites in the urban areas are not put to optimal use, resulting in the objection from some people including the relevant District Councils. Thus, the Government has unnecessarily torn the local communities apart.

I fail to see how these policies could … I hope the housing policy proposed by the Secretary this year could truly assist those in need so that they would not be rendered homeless. If the Government intends to adopt a very simple policy to have all Hong Kong people achieved home ownership and purchased their first home, I have to tell the Secretary that it is wrong to think so since this is just an ideal and no one knows if it can be realized. I hope the Secretary would strike a balance in policy formulation, that is, under the policy so formulated, a more desirable balance would be achieved to ensure that those in need would not be rendered homeless on the one hand, and those who are well off would be able to buy their first home on the other.

Thank you, President.

**MS CYD HO** (in Cantonese): On behalf of the Labour Party, I will speak on the environmental protection measures in this year's Policy Address and the environmental protection policies that he has pledged to launch but not yet done so.

At the election forum of the Chief Executive, LEUNG Chun-ying said that he had reservation about incinerators. His remark won rounds of applause from the environmental protection organizations at that time. But the facts now speak for themselves. LEUNG Chun-ying has made careless promises at the election forum. In the midst of bitter controversy, the proposals of the three landfill extensions and the "Integrated Waste Management Facilities" still managed to secure funding approval. Besides, the Government has not yet submitted the legislative proposal on the producer responsibility schemes that it has committed itself to, and the proposals of imposing levy on domestic waste and food waste

have yet to arrive at a fair and effective option accepted by different echelons of society.

Although environmental protection organizations support imposing levy, we must remind the Government here that the levy on domestic waste and food waste is not a poll tax. The Council for Sustainable Development and the Environment Bureau tested the waters earlier on the possibility of imposing a monthly household levy of $30 to $40 on domestic waste. If we extrapolate from the 2.7 million households in Hong Kong, the Treasury, which is already flooded with money, can receive an additional $1 billion to $1.3 billion in revenue. However, we have all along said that the purpose of this levy is not to increase government revenue. Hence, the Government should be reminded that the additional revenue should only be used on promoting the recycling industry.

If the authorities are not lying, they should use the money on creating green jobs, promoting research and development on environmental protection and showcasing waste management techniques developed in Hong Kong, rather than taking the opportunity to rake in wealth. However, public officers, including the Chief Secretary for Administration, have shirked the responsibility on the Financial Secretary, saying that government revenue in the past could not be used in a "dedicated-funds-for-dedicated-uses" manner. Hence, we must say in advance that if the Budget this year or next year does not earmark substantial resources for the recurrent expenditures on recycling promotion, we will definitely veto the legislative proposal on waste levy to be tabled to the Legislative Council by the Government. At that time, would the Director of Bureau please do not say that Hong Kong will be surrounded by waste if we do not expeditiously pass the legislative proposal.

Besides, the current-term Government has failed to honour its commitment on regulating light pollution President, I made an effort to retrieve LEUNG Chun-ying's manifesto for the Chief Executive election. Item 18 of his manifesto on Environment Protection pledged that he would "introduce regulation on outdoor lighting to reduce energy consumption and alleviate the nuisance caused by light pollution". His goal was to "provide a high quality living environment for the community and build Hong Kong into a modern living city". However, in respect of reducing the harm of light pollution, the current-term Government has really done nothing at all and remained intimidated by the pressure from the business sector since it took office.

In this regard, the last-term Government at least commissioned a consultancy study in 2009 and then drafted guidelines on industry best practices for external lighting for the advertising industry in 2011. These were done before the LEUNG Chun-ying Government took office.

What has the current-term Government done? They only continued the practice of communicating with the business sector through a committee and urging the business sector, including the advertising industry, to be self-disciplined. Given that advertising signs are turned on during the day and at night, they waste energy and cause light nuisance to residents living in commercial-cum-residential areas such as Causeway Bay, Mong Kok and Yau Ma Tei, making them unable to sleep at night.

Regarding regulating light pollution, LEUNG Chun-ying has completely failed to honour his commitment. The current-term Government has taken office for over two and a half years with only another two and a half years to go. But it normally takes 18 months to legislate on an issue. If the current-term Government only resorts to urging the advertising industry and the business sector to be self-disciplined, I am afraid it will score zero mark in regulating light pollution. I do not know if LEUNG Chun-ying has learnt the trick from "Old TUNG" and pretended that he had not made such a commitment by not bringing up the subject.

President, on the part of the Legislative Council, we have done our job. In 2013-2014, we established the Subcommittee on Issues Relating to Air, Noise and Light Pollution. Scholars and public health specialists were invited to attend meetings of the Subcommittee. They affirmed that strong light and flashy light would affect sleep quality and hormone secretion of the human body. If people have insufficient sleep, their body cannot cope with their day-time workload, and their immune system will be weakened and prone to all kinds of diseases. Despite lacking proofs that strong light is directly related to cancer, tumour and pulmonary tuberculosis, light pollution affecting sleep quality is already well recognized.

Strong light is indeed a hierarchical nuisance. The middle-to-high income earners living adjacent to expensive residential developments would certainly not be disturbed by advertising signs with flashy bright light. The victims are the

grass-roots people, who have to work hard to eke out a living during the day but suffer insomnia at night because of the light pollution. Not only their physical health but also their mental health are seriously affected.

LEUNG Chun-ying used poverty alleviation as a selling point at the election. Why then, after his took office, has he brushed aside the needs for quality sleep and rest of the people who have to work hard for a living? This will also increase healthcare costs. As Mr Dennis KWOK has said, we should look into the impacts of air quality, noise and light pollution on people's health from the perspectives of safeguarding public health and lowering healthcare costs.

A survey conducted in Europe indicates that people living above the eighth floor outlive those residing below. The survey, however, refers to the city environment of Europe where high-rises are less common. If the survey is conducted in Hong Kong, I believe people living below the eighteenth floor would not live long. We thus urge the Environment Bureau to allocate resources for experts and scholars to conduct health surveys in Hong Kong and find out how factors contributing to environmental pollution (including air, noise and light) impact on public health as well as to what extent these factors increase public healthcare costs.

In fact, the Environment Bureau alone cannot cover so many aspects because this issue also involves city planning, housing and transport. Hence, I conducted a policy study from 2004 to 2008, when I was not yet a Member of this Council, and urged the authorities, including the Buildings Department and the Architectural Services Department, to include assessments on public health when they planned for residential properties or development projects. At present, when the authorities consider development projects, they would generally look into their impact assessments on the environment and transport and the plot ratio only, and never would they conduct assessments on public health. Carrie LAM, the then Secretary for Development, adopted these proposals and requested that consideration should be given to factors such as sunlight, sunshine hours, air circulation, light pollution and noise pollution when vetting and approving development projects. However, the current-term Government has not followed up these issues at all. Later on when Paul CHAN, the incumbent Secretary for Development, speaks, would he please tell us whether city planning and sub-area planning for buildings conducted under the Development Bureau have included

public health impacts as a factor. It is because we should not only count on the efforts of the Secretary for the Environment, Mr WONG Kam-sing, alone to protect the environment and safeguard public health.

Regarding nuclear power, as we have said, to date, the Technical Memorandums of the two power companies do not regulate suspended particles (PM 2.5). This year's Policy Address only stated vaguely that efforts would be made to improve air quality without pragmatically putting forward any policy objectives.

Moreover, we request that the supply of electricity generated by nuclear power be reduced. Under our country's 12th Five-Year Plan, the SAR Government has stated in the Framework Agreement on Hong Kong/Guangdong Co-operation in low-profile that more clean energy should be used. Upon further pursuit of information on clean energy, we realized that the SAR Government was referring to nuclear power. In other words, it wished to increase the use of electricity generated by nuclear power. Environmental protection organizations in Hong Kong certainly called a halt to this proposal, but in vain. The nuclear power leakage at the Fukushima Daiichi nuclear power plant has prompted Japan to temporarily stop the construction of more nuclear power plants, but the idea begins to stir again in the country.

A few nuclear power plants will be constructed on the periphery of Hong Kong. The joint venture established between the CLP Power Hong Kong Ltd and the Mainland is now a publicly-listed company. Although Hong Kong cannot stop the Mainland from developing nuclear power, we can at least choose not to use it, or at least express our views on the use of nuclear power in the upcoming 13th Five-Year Plan. The SAR Government encourages the public to actively express views, so that Hong Kong will play an important role in the country's 13th Five-Year Plan. With much regret, however, when it comes to Mainland/Hong Kong co-operation, Hong Kong/Guangdong co-operation and Hong Kong/Shenzhen co-operation, they are like black holes missing in information. We are unable to obtain documents related to these issues. For instance, on the issue of Qianhai development, we have repeated asked Stephen LAM, when he was Chief Secretary for Administration, for a copy of the agreements signed between Hong Kong and the Mainland on Qianhai. Now, the legislation has already been rolled out, but we are still unable to obtain the original copy of the agreements. What agreements Hong Kong and the Mainland will reach in the upcoming 13th Five-Year Plan in respect of

environmental affairs and electricity generation by nuclear power? I urge the Secretary for the Environment to enhance transparency, so that Hong Kong people, groups on environmental assessment and those who are concerned that Hong Kong would become another Fukushima can learn in advance the relevant planning.

The Government says nuclear power is a kind of clean energy, but its definition of "clean" refers only to its absence of black smoke when generating electricity with nuclear power and the distant location of the nuclear power plants from Hong Kong. But the radiation of nuclear wastes, which we cannot see with our eyes, are highly polluting and dangerous, and to date, there is yet a proper way to handle these wastes around the world. We must not entail a lasting disastrous consequence for the short-term interest at present. I call on the Secretary for the Environment, Mr WONG Kam-sing, to enhance transparency as far as feasible and enable Hong Kong to participate in the discussion on using nuclear power for electricity generation in our country. Thank you, President.

**MISS ALICE MAK** (in Cantonese): President, we welcome that the Chief Executive has reiterated the Government's determination to solve the housing problem in this year's Policy Address. The line of poem, "If I could get a mansion with 10 thousand rooms", spells out the wish of the people about housing in Hong Kong. It is the fundamental duty of the Government to make people live in peace and work happily.

The Hong Kong Federation of Trade Unions (FTU) attaches great importance to people's housing needs. Since the 1980s, we have proposed a housing policy that advocates "public rental housing (PRH) as the mainstay and the Home Ownership Scheme (HOS) flats as a secondary support, supplemented by the private market". An important element in the spirit of this housing policy is to build up a stable, reliable and sustainable housing ladder so that every group of people in society can get a place in it.

Recently we see a lot of people queuing up to submit application forms for HOS flats. This shows Hong Kong people's enormous demand on housing. We also see that the current price for a flat in the HOS secondary market has hiked to a historic peak of $4 million. We think the Government needs to work harder on housing policy in order to rebuild people's confidence on its housing policy.

I shared an experience of mine with the Director of Bureau earlier at the Panel on Housing. I met a pregnant woman in Tin Shui Wai who told me in tears about her story. Her husband and she earn $20,000-odd in total each month. A total of six persons, that is her husband and herself, together with other family members, now live in a PRH unit. Her baby will be born soon but they do not even have space to put a baby bed in her home. She wants to rent a place outside, but renting a "sub-divided unit" in Yuen Long costs at least some $8,000 a month and over $10,000-odd if she wants to rent a flat of her own. The couple only earns $20,000-odd a month and they simply cannot afford it. They hardly have any money left after deducting different expenditures from their salary. She has no option but continues to live with her family. She hopes that by living together in the tiny unit, she can save up money and solve her housing problem in future. Hence, she told me she would have to scrap her plan about buying a baby bed. I asked, "Where will your baby sleep then?" "With me and my husband," she replied. In fact she worried very much that she would suffocate her baby by accident. I am truly very concerned about this mother because she has already experienced prenatal depression because of the housing problem.

President, what the Government should consider now is how to increase PRH construction and address grass-roots people's housing needs. This is what we have long proposed. Nevertheless, we should not forget the sandwiched-class families, such as the young couple I have mentioned, whose monthly household income is $20,000-odd. Their income exceeds the ceiling for PRH application and therefore they cannot apply for PRH, but they cannot afford HOS units either. We are aware of the recent price of HOS units. Even if they are as lucky as Mark Six winners and are allocated the chance to purchase a HOS flat by ballot, they still need to contribute $10,000 every month as mortgage payment on the HOS flat. In reality, they cannot pay for it. Hence, the Government must address the problem faced by the sandwiched-class families.

We welcome the point announced by the Chief Executive in this year's Policy Address that there should be different forms of subsidized sale flats to meet the needs of different people. However, the Green Form Home Ownership Pilot Scheme (Pilot Scheme) proposed by the Chief Executive cannot help the sandwiched-class people who are now living in dire straits but not eligible for PRH nor able to buy HOS flats. Let us take the young couple as an example. If they wish to apply for the Pilot Scheme, they together with their family

members will have to give up the PRH unit in Tin Shui Wai that they are now living in and purchase another PRH unit together. Hence, the Pilot Scheme cannot solve their problem with their living environment. I would thus like to ask the Director of Bureau whether he can think of another way to help the people who are now stuck at this level of the housing ladder to move a little further up and closer to their goal of acquiring a property.

The FTU earlier proposed the "Easy Home Ownership Scheme" for the sandwiched class. It precisely seeks to help families with a household income ranging from $15,000 to $30,000. The Government will provide them with subsidized sale flats that are low-cost and require a small down payment, so that they can afford the mortgage payment and take a small step forward on the path heading towards the improvement of their living environment.

The Pilot Scheme cannot help the sandwiched-class families. Besides, as the Director of Bureau has said, if the Government needs to resume existing PRH flats, it takes at least 10 weeks to renovate the resumed flats, not to mention the administrative costs involved. This is tantamount to telling the people on the PRH Waiting List who should have allocated a flat that they need to continue renting a private flat for 10 more weeks because their PRH flats need to be renovated. However, does the Director of Bureau know that it costs some $8,000 to rent an 80 sq ft "sub-divided unit" in Kwun Tong now? Does he want them to pay the rents for another 10 more weeks? Hence, I hope that even if the Director of Bureau planned to roll out the Pilot Scheme, he had to figure out measures that would allow the PRH applicant on the Waiting List who are now paying high rents to be allocated a flat expeditiously so that their flat-allocation process will not be delayed by a government scheme and that they do not need to pay rents for another three months.

The FTU has proposed that if the Government wishes to help this group of PRH applicants who have waited for a long time and are still waiting … In fact, the number of people on the Waiting List have recently reached 270 000 and the average waiting time for first-time allocation is 3.2 years, which has exceeded the time that the Government has committed to meet. Regarding this problem, we understand that the Government has already tried very hard to find lands in different places for housing construction. We are also aware that the Government has met with difficulties wherever it turns to. For instance, a recent government proposal raised at the Kwai Tsing District Council to build HOS flats on a piece of land was met with objections. Nevertheless, I hope that the

Government will endeavour to continue finding lands for housing construction and we will support its endeavours as long as they are justified. Before new PRH units are built, however, can the Government provide rent subsidies to help this group of people who are eligible for PRH allocation and are suffering from high rent? If they can be provided with rent subsidies in the interim when they should have been allocated a PRH flat, they can be obviated from the imminent need of paying high rents. We are not asking the Government to provide subsidies for all people. Instead, we are only asking it to provide subsidies to those who are on the Waiting List and are eligible for PRH allocation, so as to temporarily relieve them from their livelihood problem.

Moreover, the FTU has also proposed the imposition of rent control, but the Director of Bureau has cited many reasons in his reply, such as our free market economy, to explain why it cannot be adopted. In fact the FTU is not asking the Government to impose rent control across the board. We only ask it to impose rent control on private residential flats with a rateable value of $60,000. This measure can prevent flat owners from increasing rent any time before the expiry of a binding tenancy agreement and protect tenants against rent increase every year. It can also prevent landlords from asking their tenants to move out at any time they wish. The Director of Bureau has said in his reply that imposing rent control may limit demand and flats owners may thus become reluctant to rent out their flats. However, we are talking about residential flats with a rateable value of $60,000. These flat owners should not be those who are unwilling to sell their flats or intending to hoard flats. Hence, the situation that the Director of Bureau is worried about, that is, imposing rent control may lead to a declining supply and thus push up rents, would not arise.

If the Director of Bureau is of the view that imposing rent control is not feasible and providing rent subsidies is not achievable, he would have to ask himself what measures can help the people who are now suffering high rents and are on the Waiting List for PRH allocation for a long time. If he thinks that both imposing rent control and offering rent subsidies are not feasible, I hope he can tell us in his reply what measures can be adopted. Does he think that the Pilot Scheme is feasible? Under this policy, people would have to pay rents for 10 extra weeks. I hope the Government can figure out a way to address the housing needs of this group of people and thereby prudently tackle the housing problem in Hong Kong and render every person a comfortable dwelling.

President, I so submit. Thank you.

**MR CHARLES PETER MOK** (in Cantonese): President, to put it in simple terms, land supply and housing policies in recent years seek mainly to "seize every inch of land for housing production". Recently, the Information Services Department has carried out what these policies require and uploaded two television Announcements in the Public Interests (APIs) on land supply, in which buzzwords commonly used by netizens have been used to convey in a brainwashing manner the message that sites should be used for housing production once they are identified as now no land is available now. However, the APIs are of very poor quality and have received many adverse comments. We cannot help wondering whether this government of ours has striven only to win short-lived applauses, thus leaving every other thing behind.

It is proposed in the Policy Address to develop a Smart City in Kowloon East and this is what I have been urging the Government to do so that a new development area would be used as a pilot area to explore the feasibility of providing regional infrastructure for technological development. Regrettably, the Chinese name "聰明城市" (meaning literally a clever city) has first of all attracted many adverse comments and I do not understand why a more common name "智能城市" (meaning literally an intelligent city) is not used. The Secretary for Development has undertaken at the meeting of the relevant Panel that consideration would be given to the suggestion and I hope he would do so.

I have consulted the views of some experts in developing smart cities in overseas countries and was sincerely advised that in taking forward projects like this, one should avoid focusing solely on the application of technology and staying away from the ordinary masses, and efforts should be made to cater for the actual needs of users. It is indeed a good intention on the part of the Government to give the idea a try but it should not try to play smart by giving everything a label for convenience sake, just like what had been done in the past to name everything with a prefix of "i" or "e", thinking that the desired result would be produced simply by going so.

According to some recent news reports, there are three major initiatives in taking forward the project of the pilot area for a Smart City in Kowloon East to achieve low carbon living, green community construction and easy accessibility. As far as the improvement initiative of easy accessibility is concerned, the objective is to repave the roads and improve the appearance of the exterior walls of buildings at back alleys of Kwun Tong district, which I consider worth carrying out though I am not really sure about its relationship with developing a Smart City. Furthermore, the Administration will consider developing a mobile

application software (mobile app) with roadmaps of these back alleys to facilitate pedestrians to move around in Kwun Tong district. Although this is only part of the Government's plan, how can face-lifting back alleys be considered an element of a Smart City? As the coverage of the mobile app to be developed is only confined to a few back alleys, I really have to worry about its usage rate since as we all know, it is very common for Members of this Council to ask about the download rate of mobile apps. In my opinion, no matter how smart the Government is, it can never outperform a private company insofar as the development of a mobile app is concerned and again, can the Government's attempt in this regard be described as trying to play smart?

I have been told by a friend who is running a business in Kowloon East that the Government should avoid repeating the mistake committed last time when the initiatives of energizing Kowloon East were taken forward. With Kwun Tong Industrial Area renamed as Kwun Tong Business Area, rentals of premises in the district fell prey to speculative activities and rose rapidly, thus paving for us the road to hell with good intentions. The existing plan to develop a Smart City is, no matter how you look at the proposal, just a repetition of previous initiatives put forward for energizing Kowloon East with everything mixed under a "trendy" name. Can this really be considered an attempt to develop a Smart City?

It is of course not totally undesirable to implement this pilot area project but it is suggested that an inter-departmental study should be conducted to give sufficient consideration to accepting the proposals put forward by departments responsible for information technology. Sufficient consultation with the relevant sectors is also required for a comprehensive development, instead of working with no co-ordination and loading the project with empty ideas. Only through this would a Smart City not divorced from reality be developed for use by both the general public and the tourists.

As a matter of fact, Hong Kong is more well-prepared than many overseas countries to develop a smart city as the rate of Internet penetration in this very small city of ours is relatively high, and the connection speed of local Internet system is also one of the fastest globally. The capacity of our infrastructure in this respect is sufficient to support the information technology system required.

Nevertheless, technology projects like this are often met with resistance internally as early as in its planning stage, when it is likely that representatives from different government departments are participating in the relevant

discussions with their own considerations and approaches. I have raised a number of questions in this Council previously on the installation of Wi-Fi routers on lampposts, road signs, and so on, but after a lapse of eight or even 10 years, the plan has not yet been put into practice. Although approval from the Communications Authority has already been secured, reservation has been expressed either by the Highways Department or the Electrical and Mechanical Services Department.

President, the implementation of technology policy involves high level co-ordination, in addition to the attitude of the Government. Furthermore, corresponding parties with knowledge in technology should also listen to public views and understand people's needs, and there should also be exchanges of views with non-governmental proponents who have played an active role in the field of technology, so that useful ideas can be drawn on collective wisdom. This would, after all, be much better than carrying out a plan worked out by the Government behind closed door irrespective of the actual circumstances. If remarkable results can be achieved in the pilot area of Kowloon East, the idea of developing a smart city can be further extended to include similar features in other urban renewal projects for the benefits of all Hong Kong people.

Thus, I would like to reiterate what I have raised with the Secretary previously at the relevant Panel meeting and express my wish for the following important elements to be included in the Smart City to be developed: First of all, there should be the provision of new and standardized infrastructure. For example, a more forward-looking approach can be adopted to follow the examples of smart cities developed in South Korea to establish a waste management system for the whole city or region to render it unnecessary to deploy refuse collection vehicles to collect wastes. Secondly, all data and information in such areas as transport, traffic, environment and air quality should be opened to the public in order to tap on collective wisdom and strive for innovative application of the data, instead of relying solely on the Government to develop a mobile app by itself, which can never outperform the general public and the relevant sectors in this respect. This will bring us to the third element, that is, importance should be attached to public-private partnership. However, it is most regrettable that when I raised this point for discussion last time at the relevant Panel meeting, it seemed that consideration had never been given by the Secretary to the issue and I find this is most worrying. Is this what the Government would do to develop a Smart City?

President, there is also another important point which I have not mentioned last time. The development of a smart city is something more than providing just a series of facilities for use by members of the public. As evidenced by overseas experience, especially that from our fellow competitors which are now well ahead of us, such as South Korea and Singapore, the development of a smart city also provides an opportunity for the place to promote and develop its industries. With their innovation and technology development, they have made good use of the technology and opportunity of developing a smart city to render assistance to local enterprises, so that relevant industries and technology can be developed and then exported to other countries. Thus, if the so-called Smart City to be developed in Hong Kong seeks only to serve one single user, that is, the Government, and no inter-departmental planning is in place to explore the ways to promote other industries, no consideration is given to the needs and the development of various industries, while everything is used to serve that one single user only, it will indeed be stupid enough to call it "smart".

President, I so submit.

**IR DR LO WAI-KWOK** (in Cantonese): President, the various discussion areas of this debate session also involve the long-term planning of Hong Kong. At the Legislative Council meeting on 9 October 2013, I raised a motion on "Formulating long-term infrastructure planning to promote sustainable development". I emphasized in the speech that the SAR Government should, on the basis of the Hong Kong 2030: Planning Vision and Strategy (the Strategy), put forward a better approach to formulate long-term infrastructure planning, promote public participation, reach a consensus and then implement it one step at a time. This motion was passed by this Council without any amendment from Members.

In paragraph 101 of the Policy Address this year, the Chief Executive says that the Development Bureau and the Planning Department are updating the Strategy to examine the planning strategies and feasible options for Hong Kong beyond 2030. I expect that on this basis, Hong Kong can improve the long-term comprehensive urban planning, set the order for carrying out the large, medium and small scale public works projects, in order to promote sustainable development, improve people's livelihood, and provide better development opportunities for the new generation. On specific development planning, in the Policy Address this year, the Chief Executive emphasizes that the Government is

committed to putting an end to the long-standing shortage of land supply with a multi-pronged approach. The measures include development at top speed the New Development Areas in Kwu Tung North, Fan Ling North and Hung Shui Kiu, extension of Tung Chung New Town, reclamation outside Victoria Harbour, development of rock cavern and underground space, as well as the New Territories North planning and the long-term development of Lantau Island.

However, I hope that the authorities will take heed of the following. First, they can absolutely not underestimate the hindrance against the implementation of the planning concerned. The war of filibustering and non-cooperation movement staged by some Legislative Council Members will seriously affect the approval process of the new works projects. Take the agenda of the Public Works Sub-committee in this Legislative Session as an example, the projects on the planning and engineering study on Sunny Bay reclamation, as well as Liantang/Heung Yuen Wai Boundary Control Point and associated works were vetoed respectively. The Administration was also forced to withdraw the strategic studies on artificial islands in central waters. This is a pity indeed. Besides, the planning concerned has to take care of various development needs of the community, and to consider the implementation of various policy objectives. Apart from increasing land and housing supply, it has to support the development of industries where Hong Kong enjoys clear advantages. It also needs to take comprehensive transportation network and community development planning into consideration. It has to think of ways to increase economic activities so as to provide employment opportunities to the residents of the new towns.

In paragraph 72 of the Policy Address, the Chief Executive points out appropriately that what Hong Kong lacks is not land, but land that is developable. The difference lies in the need for land planning and development. It is undeniable that the SAR Government of the previous terms did not foresee the huge demand for developable land in Hong Kong. Facing the situation that substantial amounts of land are zoned for non-development uses such as country parks, instead of resolving the problem actively, the Government lowered the development intensity of land newly planned for development, thus causing the serious shortage of housing supply in recent years. In my opinion, the incumbent Government has to change its course completely and has to adopt a diversified planning option. They include increasing the plot ratios under specified conditions, changing of land use, land resumption, redevelopment and making use of brownfield sites. The Business and Professionals Alliance for Hong Kong proposes to the Government that it can consider changing the usage

of the 2% Green Belt land for constructing residential units affordable by the middle class or young families. We estimate that this measure alone may provide about 180 000 residential units.

In housing supply, according to the Long Term Housing Strategy Consultation Document, the Government proposes that 480 000 housing units would be the objective of the total number of housing units supplied in the coming 10 years. This of course shows that the authorities are determined to address the housing need of the public. However, whether the objective can be smoothly attained will depend on the availability of timely and sufficient land supply, and whether the authorities can build up an appropriate housing ladder to cater for the needs of different levels. This includes considering the home purchase aspirations of the middle class and young families.

I suggest that the authorities adopt the following measures. First, they can provide more incentives to encourage capable public rental housing (PRH) tenants to switch to home ownership schemes, in order to speed up the circulation of PRH units. Second, they should review the effective schemes of the past which provided assistance to the public in their home ownership. For instance, they can re-launch the improved version of the Home Starter Loan Scheme and the Sandwich Class Housing Scheme. Third, they can co-operate with private housing developers in building small and inexpensive housing units, in order to provide appropriate housing units for qualified young families to rent or to purchase. This can assist the young people to take their first step in home ownership. Fourth, they should support and encourage non-profit organizations to expedite the construction of youth hostels, for example, reconstructing the old factory buildings, so that more hostels can be supplied earlier and rented by qualified young people at a rate below market prices. Of course, in order to implement the above measures effectively and to thoroughly resolve the imbalance between housing supply and demand, we need various sectors of society to weigh the matter carefully, set aside the controversies, put in great efforts in reaching a consensus so as to resolve the problem together with the Government.

President, in the environmental protection aspect, in order to attain the objectives set in the Hong Kong Blueprint for Sustainable Use of Resources 2013-2022, the Government should adopt a multi-pronged approach and provide comprehensive policy supportive measures so as to build up a composite management system on the whole process of waste reduction, collection, disposal

and recycling. The Government should also take the lead in promoting energy efficiency. It is proposed in the Policy Address this year that the Government will introduce a Recycling Fund to promote sustainable development of the recycling industry. In my opinion, the authorities should map out the implementation details concerned as soon as possible, provide more economic incentives, including land, capital and technical support, and support the industry to build modernized recycling facilities so as to implement the Producer Responsibility Scheme. The Chief Executive also says that to set an example, the Government engaged in green procurement worth more than $1 billion in 2013. The Government will expand the current procurement list, and explore wider use of recycled and other environment-friendly materials in public works projects. This is to respond to the aspiration of the industry.

On the other hand, I think the authorities' attitude in boosting regional collaboration in environmental protection and promoting environmental protection industry can be more positive. Our country has already regarded green development as the major strategy, and aims to become a resource saving and environmental friendly society. The amended Environmental Protection Law of the People's Republic of China, which aims to co-ordinate socio-economic development and environmental protection, has already come into effect on 1 January this year. This new law has been regarded as the most stringent Environmental Protection Law in the history of China. It has enhanced the level of punishment on the enterprises which have caused serious pollution, to the extent that the operators may be arrested and the enterprises be closed. There may be certain risk for the Hong Kong businessmen operating in the Mainland.

Nevertheless, crisis creates opportunities. The implementation of the new Environmental Protection Law and various energy saving and emission reduction policies will bring about substantial market demand. The country will also adopt policies and measures in finance, taxation, price, and government procurement, among others, so that environmental protection industries can become the new growth point in economic development. I think the Hong Kong businessmen can make good use of the edges of Hong Kong in international trading network, promotion and application of science and technology, as well as product design, so as to explore new technology in environmental and pollution treatment technology, or to draw up some designs for the recycling and reuse of materials and resources, and to participate in setting up the green product supply chain with sustainable development. The SAR Government should discuss with

the Mainland in the 12th Five-Year Plan on strengthening the co-operation between Hong Kong and the Mainland in the area of green industries. For instance, the development of waste recycling industry through co-operation between Hong Kong and the Mainland will also contribute to resolving the waste management problem of Hong Kong.

In terms of energy, the Chief Executive only briefly mentions that the authorities will announce the outcome of the fuel mix public consultation exercise and the way forward. In my opinion, the authorities should make a comprehensive consideration on the topics which are concerned by the community such as energy autonomy of Hong Kong, the tendency of electricity charges, the safety and stability of electricity supply system as well as carbon emissions, in order to formulate a long-term energy supply strategy and seek for a cleaner fuel mix for electricity generation which can cope with environmental changes in the future.

President, in terms of transport, at the Legislative Council meeting on 7 January this year, I moved an amendment to the motion on "Expeditiously launching the Fourth Comprehensive Transport Study". In my speech, I have emphasized that Hong Kong is in need of a set of complete and comprehensive transport infrastructure development strategies which should at least encompass two aspects: first, devising a mass transit network supported by extensive facilities, as well as according clear positions to various modes of public transport so that they can complement each other to achieve fair competition; and second, the strategies to promote regional development and collaboration, including facilitating the soon-to-be-completed Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) and Hong Kong-Zhuhai-Macao Bridge (HK-ZMB), perfecting the cross-boundary connection system, improving the existing land, sea and air passages to meet the growing need for cross-boundary transport, as well as forming a strategic transport network with the East and West parts and periphery of the Pearl River Delta to strengthen the position of Hong Kong as the hub of regional transport and logistics. To this end, the Government should launch the Fourth Comprehensive Transport Study (CTS-4) as soon as possible. My amendment was passed by this Council. However, the Policy Address this year says that the Government will, pursuant to the Railway Development Strategy 2014, implement seven new railway projects in phases, without mentioning the intention to launch CTS-4. This is disappointing.

President, various stakeholders are usually involved works projects, no matter whether they are infrastructure planning or land development. The SAR Government must explore a new planning mechanism to conduct a complete review and optimize the existing public consultation mechanism based on the ever-changing socio-political environment in Hong Kong. At the planning stage, the Government should take on board the views of various stakeholders as much as possible to avoid being plagued by disputes like clearance, environmental assessment and cost-effectiveness after the commencement of projects. At the implementation stage, the Administration should learn a lesson from the delays in projects such as the XRL and the HK-ZMB so as to strengthen the co-ordination and monitoring role of relevant departments for improving the related mechanisms. At the same time, it should ensure that the Government has sufficient personnel in the professional grades in the civil service establishment as well as compatible resources of various kinds. This is to ensure that there are policies, planning, personnel and resources for the implementation, so that the relevant infrastructure planning and construction works can be implemented according to priorities and in a stable and orderly manner.

President, I so submit.

**SUSPENSION OF MEETING**

**PRESIDENT** (in Cantonese): I now suspend the meeting until 9 am tomorrow.

*Suspended accordingly at 10.31 pm.*